

City of Wenatchee, Washington

Annual Financial Report For the Fiscal Year Ended December 31, 2008

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Mayor

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CITY OF WENATHCEE, WA
Annual Financial Report
For the Fiscal Year Ended December 31, 2008

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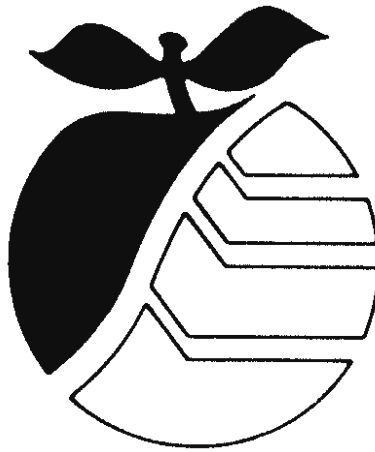
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CITY OF WENATCHEE, WA
List of Elected and Appointed Officials

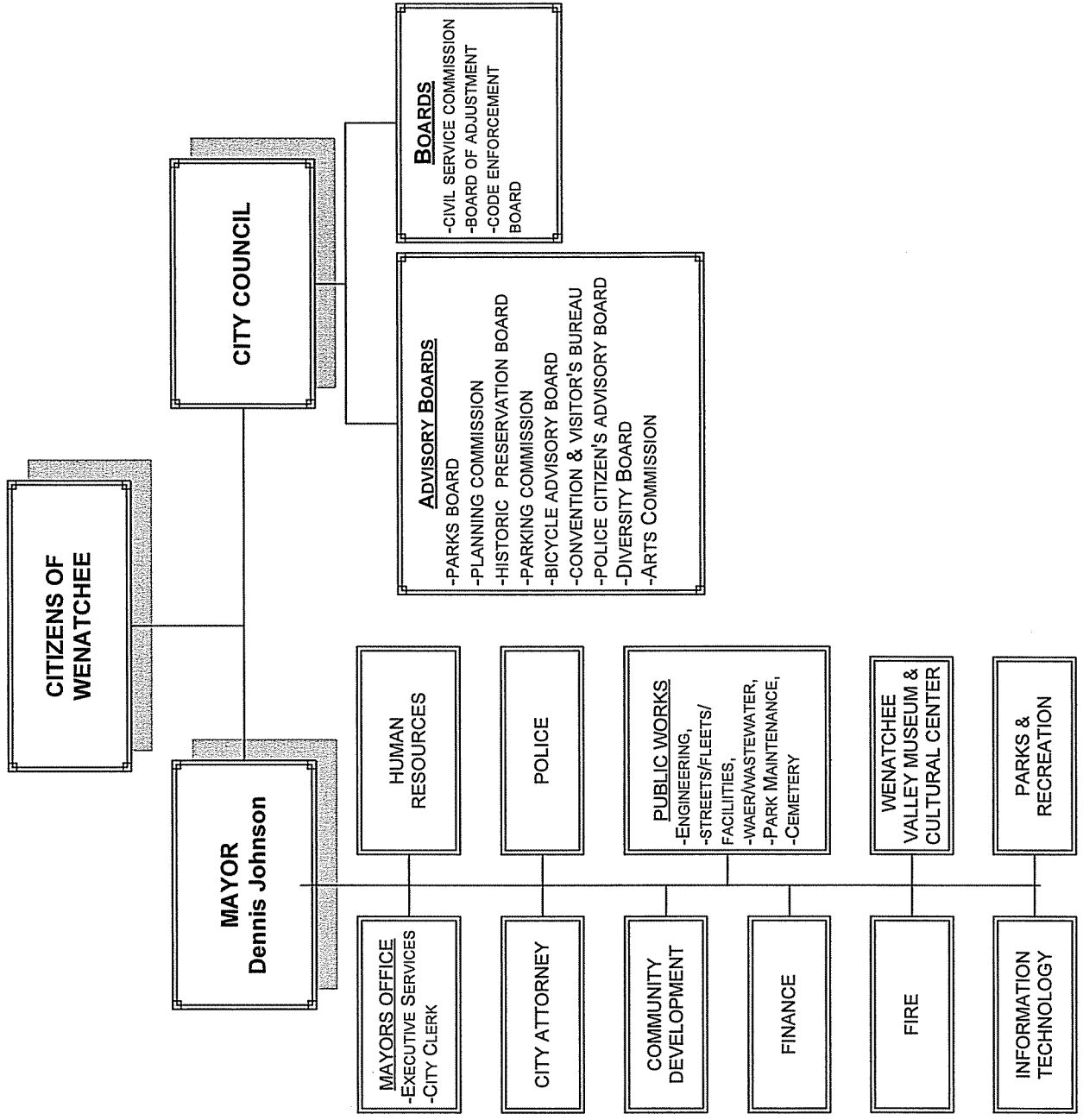
Elected Officials

| | |
|---------------------|--|
| Mayor | Dennis Johnson Third term - expires December 31, 2011 |
| Council position #1 | Jim Baily Appointed term - expires December 31, 2009 |
| Council position #2 | Gaby Fernandez Appointed Term - expires December 31, 2009 |
| Council position #3 | Karen Rutherford Appointed term - Expires December 31, 2011 |
| Council position #4 | Doug Miller First term - expires December 31, 2009 |
| Council position #5 | Mark Kulaas Second term - expires December 31, 2011 |
| Council position #6 | Don Gurnard Third term - expires December 31, 2011 |
| Council position #7 | Carolyn Case Second term - expires December 31, 2011 |

Appointed Officials

| | |
|-------------------------------------|------------------|
| Attorney | Steve Smith |
| Clerk | Vicki Reister |
| Community Development Director | Richard Smith |
| Executive Services Director | Allison Williams |
| Finance Director/Treasurer | Mark Calhoun |
| Fire Chief | Stan Smoke |
| Human Resource Director | Sandra Smeller |
| Information Technology Director | Dale Cantrell |
| Museum Director | Brenda Abney |
| Parks & Recreation Director | Dave Erickson |
| Police Chief | Tom Robbins |
| Public Works Director - Operations | Dan Frazier |
| Public Works Director - Engineering | Steve King |

CITY OF WENATCHEE ORGANIZATIONAL CHART





**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

July 31, 2009

Mayor and City Council
City of Wenatchee
Wenatchee, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, of the City of Wenatchee, Chelan County, Washington, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, of the City of Wenatchee, Chelan County, Washington, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, Street, Arterial Street, and Event Center-CERB Grant funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will also issue our report dated July 31, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 2-1 through 2-10, pension trust fund information on pages 6-1 through 6-2, and other postemployment benefits information on page 6-3 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining and individual fund statements and schedules on pages 7-1 through 7-21 and budgetary comparison information on pages 8-1 through 8-17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory Section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized flourish at the end.

BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Wenatchee, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Wenatchee for the fiscal year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Wenatchee exceeded its liabilities at the close of the most recent fiscal year by \$103,837,268. Of this amount, \$21,930,249 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$(833,214).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$8,558,330. Approximately 91% of the total amount, or \$7,748,868, is available for spending at the government's discretion.
- At the end of the current fiscal year, the unreserved fund balance for the general fund was \$3,573,820, or 15.35% of total general fund expenditures and other financing uses of \$23,283,905.
- The City's total combined bond and state revolving loan related long-term debt increased by \$492,148 (1.47%) during the current fiscal year which was comprised of \$2,961,750 of bond issues and \$2,469,602 in bond payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Wenatchee's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic statements themselves.

Government-wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of City of Wenatchee finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change as it occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, accounts receivable and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety (including police and fire), transportation, culture and recreation and economic environment. The business-type activities of the City include water and sewer services, storm drain, solid waste services and a cemetery.

The government-wide financial statements can be found beginning on page 3-1.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wenatchee, like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus on governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

During the fiscal year ended December 31, 2008, the City maintained 32 individual governmental funds. Information for the General Fund, Street Special Revenue Fund, Arterial Street Special Revenue Fund, Event Center-CERB Grant Special Revenue Fund and Public Works Facility Construction Capital Projects Fund (each of which is considered to be a major fund) is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances, and data from the other 27 governmental funds are combined into a single, aggregated presentation (on pages 4-1 through 4-5 of this report). Individual fund data for each of the 27 non-major governmental funds is provided in the form of combining statements on pages 7-1 through 7-12 of this report.

The City adopts an annual appropriated budget for its governmental funds in accordance with state law on a fund level. Budgetary comparison statements have been provided for the general fund, street special revenue fund, arterial street special revenue fund, event center-CERB grant special revenue fund and public works facility construction capital projects fund to demonstrate compliance with this budget and may be located on pages 4-7 through 4-12.

Proprietary funds. The City of Wenatchee maintains two different types of proprietary funds.

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water/Sewer, Storm Drain, Regional Water, Solid Waste and Cemetery Funds.
- *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal services funds to account for the maintenance and replacement of its fleet of vehicles, the maintenance of facilities, the administration of property and liability insurance and its management information systems. Because all of these services predominantly benefit government rather than business-type functions, they have been included with the governmental activities in the government-wide financial statements presented in Part 3 of this document.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water/Sewer, Storm Drain and Regional Water operations (each of which is a major fund), and aggregate all other nonmajor proprietary funds of the City with a separate column for both the enterprise and internal service funds (on pages 4-13 through 4-17 of this report).

Individual fund data for each of the nonmajor enterprise funds may be found on pages 7-13 through 7-16 of this report, and individual fund data for the internal service funds may be found on pages 7-17 through 7-24.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting

principles used for fiduciary funds are much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 4-18 and 4-19 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 5-1 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Wenatchee's progress in funding its obligation to provide both pension benefits to certain retired firefighters as well as medical care and long-term care benefits to retired LEOFF 1 employees. This required supplementary information can be found in part 6 of this report, and also in footnote numbers 7 and 14, which are located in Part 5 of this document.

The combining statements referred to earlier in connection with non-major governmental and proprietary funds are presented in Parts 7 and 8 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Wenatchee, assets exceeded liabilities by \$105,068,736 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (\$80,613,921, or 76.72%) is comprised of its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Wenatchee's Net Assets

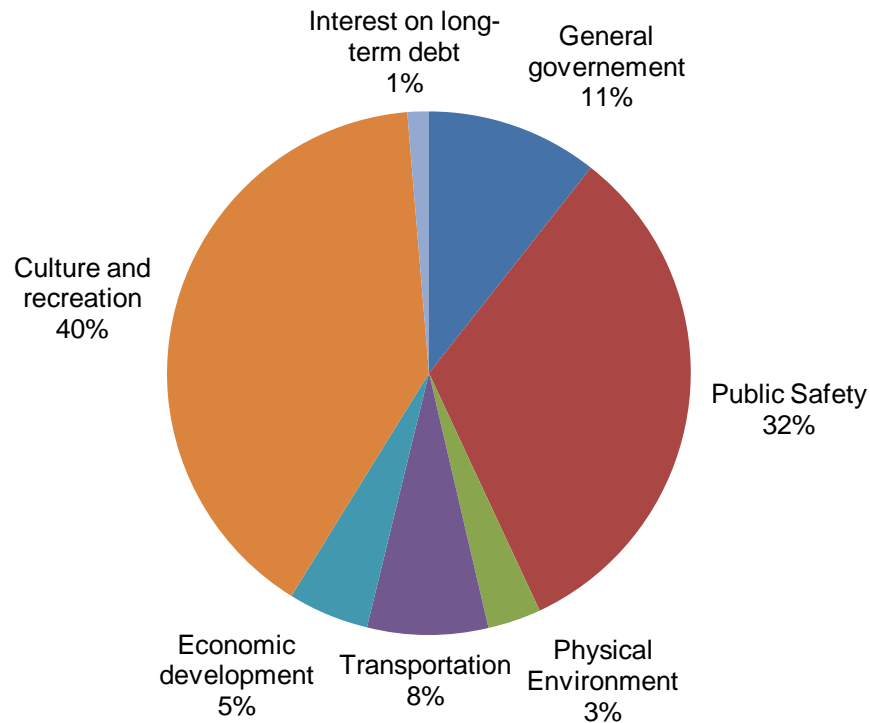
| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Assets | | | | | | |
| Current and other assets | \$ 14,872,095 | \$ 20,559,826 | \$ 11,463,188 | \$ 15,449,643 | \$ 26,335,283 | \$ 36,009,469 |
| Capital assets | 61,917,089 | 58,004,616 | 53,635,900 | 48,714,286 | 115,552,989 | 106,718,902 |
| Total assets | <u>76,789,184</u> | <u>78,564,442</u> | <u>65,099,088</u> | <u>64,163,929</u> | <u>141,888,272</u> | <u>142,728,371</u> |
| Liabilities | | | | | | |
| Long-term debt | 16,768,564 | 13,176,211 | 18,925,040 | 20,319,300 | 35,693,604 | 33,495,511 |
| Other liabilities | 1,587,936 | 3,339,578 | 769,464 | 1,222,800 | 2,357,400 | 4,562,378 |
| Total liabilities | <u>18,356,500</u> | <u>16,515,789</u> | <u>19,694,504</u> | <u>21,542,100</u> | <u>38,051,004</u> | <u>38,057,889</u> |
| Net Assets | | | | | | |
| Invested in capital assets, net of related debt | 45,666,628 | 43,648,914 | 34,947,293 | 28,443,577 | 80,613,921 | 72,092,491 |
| Restricted | 0 | 0 | 1,293,098 | 702,443 | 1,293,098 | 702,443 |
| Unrestricted | 12,766,056 | 18,399,739 | 9,164,193 | 13,475,809 | 21,930,249 | 31,875,548 |
| Total net assets | <u>\$ 58,432,684</u> | <u>\$ 62,048,653</u> | <u>\$ 45,404,584</u> | <u>\$ 42,621,829</u> | <u>\$ 103,837,268</u> | <u>\$ 104,670,482</u> |

City of Wenatchee's Changes in Net Assets

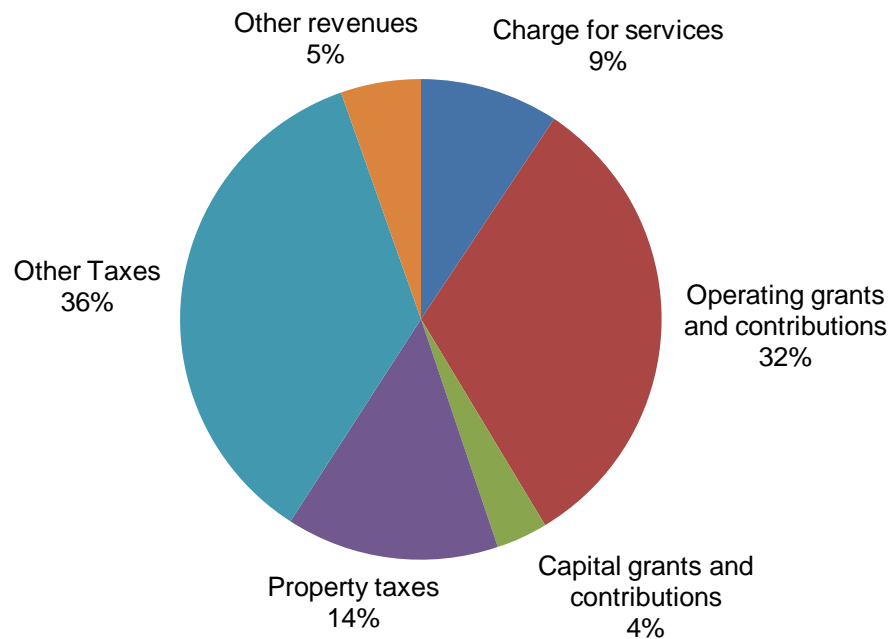
| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|----------------------|--------------------------|----------------------|-----------------------|----------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charge for services | \$ 3,571,383 | \$ 3,388,068 | \$ 12,365,556 | \$ 11,704,016 | \$ 15,936,939 | \$ 15,092,084 |
| Operating grants and contributions | 12,268,072 | 3,800,651 | 53,116 | 0 | 12,321,188 | 3,800,651 |
| Capital grants and contributions | 1,334,755 | 5,604,462 | 0 | 0 | 1,334,755 | 5,604,462 |
| General revenues: | | | | | | |
| Property taxes | 5,482,921 | 4,831,585 | 0 | 0 | 5,482,921 | 4,831,585 |
| Other Taxes | 13,591,515 | 13,376,659 | 0 | 0 | 13,591,515 | 13,376,659 |
| Other revenues | 2,066,371 | 839,335 | 350,173 | 428,588 | 2,416,544 | 1,267,923 |
| Total revenues | <u>38,315,017</u> | <u>31,840,760</u> | <u>12,768,845</u> | <u>12,132,604</u> | <u>51,083,862</u> | <u>43,973,364</u> |
| Expenses: | | | | | | |
| General government | 4,400,439 | 3,111,729 | 0 | 0 | 4,400,439 | 3,111,729 |
| Public Safety | 13,420,476 | 12,015,473 | 0 | 0 | 13,420,476 | 12,015,473 |
| Physical Environment | 1,356,303 | 666,968 | 0 | 0 | 1,356,303 | 666,968 |
| Transportation | 3,094,351 | 2,018,926 | 0 | 0 | 3,094,351 | 2,018,926 |
| Economic development | 2,057,482 | 1,424,716 | 0 | 0 | 2,057,482 | 1,424,716 |
| Culture and recreation | 16,507,397 | 3,569,474 | 0 | 0 | 16,507,397 | 3,569,474 |
| Interest on long-term debt | 544,135 | 559,370 | 0 | 0 | 544,135 | 559,370 |
| Water/Sewer | 0 | 0 | 6,873,902 | 6,799,345 | 6,873,902 | 6,799,345 |
| Storm Drain | 0 | 0 | 902,294 | 596,100 | 902,294 | 596,100 |
| Regional Water | 0 | 0 | 711,044 | 787,339 | 711,044 | 787,339 |
| Solid Waste | 0 | 0 | 1,766,338 | 1,721,783 | 1,766,338 | 1,721,783 |
| Cemetery | 0 | 0 | 282,915 | 272,544 | 282,915 | 272,544 |
| Total expenses | <u>41,380,583</u> | <u>23,366,656</u> | <u>10,536,493</u> | <u>10,177,111</u> | <u>51,917,076</u> | <u>33,543,767</u> |
| Increase in net assets before transfers | (3,065,566) | 8,474,104 | 2,232,352 | 1,955,493 | -833,214 | 10,429,597 |
| Transfers | (550,404) | 233,061 | 550,404 | (233,061) | 0 | 0 |
| Increase in net assets | <u>(3,615,970)</u> | <u>8,707,165</u> | <u>2,782,756</u> | <u>1,722,432</u> | <u>-833,214</u> | <u>10,429,597</u> |
| Net assets January 1, | 62,048,654 | 35,403,785 | 42,621,828 | 40,899,396 | 104,670,482 | 76,303,181 |
| Prior period correction | 0 | 21,343 | 0 | 0 | 0 | 0 |
| GASB 34 retroactive impact | 0 | 17,916,361 | 0 | 0 | 0 | 0 |
| Net assets December 31, | <u>\$ 58,432,684</u> | <u>\$ 62,048,654</u> | <u>\$ 45,404,584</u> | <u>\$ 42,621,828</u> | <u>\$ 103,837,268</u> | <u>\$ 86,732,778</u> |

Governmental Activities. Governmental activities decreased the City of Wenatchee's net assets by \$(3,615,970), thereby accounting for 3.45% decrease of the total growth in the net assets of the City.

Expenses – Governmental Activities

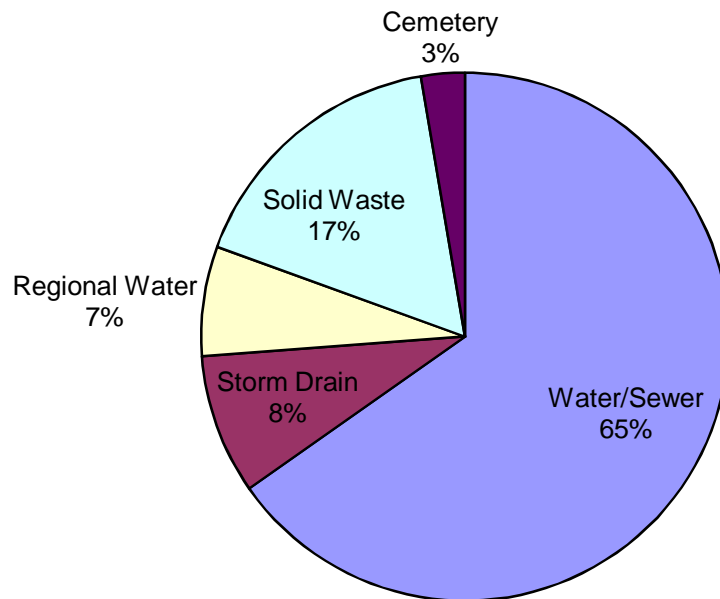


Revenues by Source – Governmental Activities

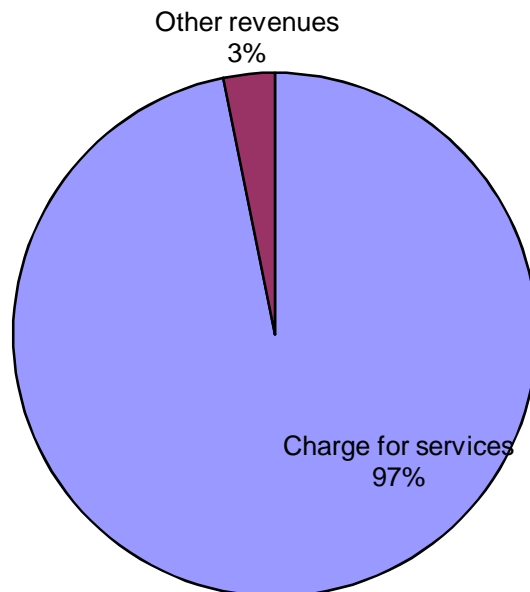


Business-type Activities. Business-type activities increased City of Wenatchee's net assets by \$2,782,756, accounting for 2.66% of total growth in the government's net assets.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Wenatchee uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The General Fund, Street Fund, Arterial Street Fund, Event Center CERB Grant Fund and the Public Work Construction Fund made up the City's major funds during the most recent fiscal year. Together these five funds account for \$7,058,000 (or 57.15%) of total governmental fund assets of \$12,349,126, and \$4,288,547 (or 50.1%) of the total governmental fund's fund balance of \$8,558,330.

The focus of City of Wenatchee's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,558,330. Of this figure, \$7,748,868 (or 90.5%) constitutes unreserved fund balance that is available for spending within the designated funds. The remaining fund balance of \$809,462 is reserved to indicate that it is not available for new spending because it has already been committed for other purposes.

The general fund is the chief operating fund of the City of Wenatchee. At the end of the current fiscal year, the total fund balance of the General Fund was \$3,617,349 and the unreserved fund balance was \$3,573,820. As a measure of the general fund's liquidity, it may be useful to compare both the total fund balance and unreserved fund balance to the total of fund expenditures and other financing uses. As of December 31, 2008, the total fund balance represented 15.54% of total general fund expenditures and the unreserved fund balance represented 15.35% of total general fund expenditures. A recent history of reserve percentages is as follows:

| Year | Total Fund Balance | Unreserved Fund Balance | Expenditures and other Financing Uses | Fund Balance as a % of Expenditures | |
|------|--------------------|-------------------------|---------------------------------------|-------------------------------------|------------|
| | | | | Total | Unreserved |
| 2008 | 3,617,349 | 3,573,820 | 23,283,905 | 15.54% | 15.35% |
| 2007 | 5,109,243 | 5,065,714 | 20,593,554 | 24.81% | 24.60% |
| 2006 | 5,068,573 | 5,025,623 | 18,407,024 | 27.54% | 27.30% |
| 2005 | 4,448,264 | 4,405,914 | 17,736,579 | 25.08% | 24.84% |
| 2004 | 4,429,570 | 4,412,220 | 16,408,176 | 27.00% | 26.89% |

The fund balance of City's amended General Fund budget was anticipated to decrease by \$1,653,035 in 2008 but actually decreased by \$1,491,894. The \$161,141 difference in the budgetary impact on the fund balance was a result of a number of key factors and is in part explained by the following:

- Property tax revenues were \$52,948 (1.4%) less than anticipated.
- Sales tax revenues were \$246,008 (2.8%) less than anticipated.
- Business tax revenues were \$97,073 (1.9%) greater than anticipated.
- License and permit revenues were \$45,196 (6.6%) less than anticipated.
- Charge for services revenues were \$77,407 (4.9%) greater than anticipated.
- Fines and forfeits revenues were \$65,685 (11.8%) greater than anticipated.
- Departmental operating expenditures were \$284,526 (1.1%) less than anticipated.

The Street Fund budget was adopted and amended with the expectation that the fund balance would decrease by \$95,524 from \$632,984 at the end of 2007 to \$537,460 at the end of 2008. The actual fund balance at the end of 2008 was \$545,173 which was \$7,713 greater than anticipated. The change in fund balance is the result of operating revenues being \$31,382 (1.7%) less than anticipated and operating expenditures being \$27,045 (1.4%) less than appropriated.

The Arterial Street Fund budget was adopted and amended with the expectation that the fund balance would increase by \$347,985 from (\$647,753) at the end of 2007 to (\$299,818) at the end of 2008. The actual fund balance at the end of 2008 was \$1,097,483 which was \$1,397,301 greater than anticipated. The change in fund balance is largely the result of the repayment of a \$1,179,491 interfund loan that originated in 2006 that was necessary to finance the acquisition of land for a road development project. In 2007, a portion of the land that was excess to the City's need was sold and the interfund loan was reduced by \$1,316,301 to \$1,179,491 and in 2008 this final balance was repaid with a combination of land sale proceeds and a partial grant reimbursement.

The Event Center-CERB Grant Fund budget was adopted and amended with the expectation that the fund balance would be \$0 at the end of 2008. The actual fund balance however is (\$983,320) as a result of the fact that the entire \$8.3 million appropriation was expended but only \$7.3 million of the grant was released by CERB. The balance of \$1.0 million was borrowed from another fund (less \$16,680 of interest earnings) until CERB releases the balance of the grant which we anticipate will occur in 2010.

The Public Works Facility Construction Fund budget was adopted and amended with the expectation the fund balance would be \$0 at the end of 2008. The actual fund balance however is \$11,861 reflecting that the new public works facility although actually occupied has some money remaining prior to complete project close-out.

Proprietary funds. The Water/Sewer Utility Fund, Storm Drain Utility Fund and the Regional Water Fund made up the City's major business-type funds during the most recent fiscal year. Together these three funds accounted for \$64,428,914 (98.9%) of total enterprise fund assets of \$65,136,001. These funds also accounted for \$44,734,459 (98.5%) of total enterprise fund net assets of \$45,404,584. The City of Wenatchee's proprietary funds reported on pages 4-13 through 4-17 of this report provide the same type of information found in the government-wide financial statements in Part 3, but in more detail.

Unrestricted net assets of the Water/Sewer Utility Fund at the end 2008 amounted to \$6,373,842 for a total decrease from 2007 of \$329,133.

Unrestricted net assets of the Storm Drain Utility at the end of 2008 amounted to \$573,684 for a total decrease from 2007 of \$300,901.

Unrestricted net assets of the Regional Water Fund at the end of 2008 amounted to \$1,933,627 for a total increase over 2007 of \$709,651.

GENERAL FUND BUDGETARY HIGHLIGHTS

Through the course of the year General Fund appropriations were amended upward from \$21,550,509 to \$23,570,639 for a total increase of \$2,020,130. This increase may be explained in part by the following:

- An increase of \$388,643 in the police department budget for the expansion of operations. The increase was made possible by the imposition of an additional 1/10 of 1% sales tax whose proceeds were dedicated to public safety.
- An increase of \$50,129 in the jail budget that was necessary to meet the City's jail partnership obligation to Chelan County.
- A decrease of \$115,250 in capital projects reflecting a revised anticipation of projects that would actually be completed.
- An increase in transfers-out of \$1,020,354 to the Event Center-City Contribution special revenue fund (from \$760,600 to \$1,780,954) that was in-part necessary to fulfill a \$4.0 million City obligation in the completion of an event center facility.
- An increase of \$108,000 transfers-out to the Ice Arena special revenue fund that was necessary to close-out the operation.

General Fund revenues were amended upward by a total of \$1,383,735 which may be explained in part by the following:

- An \$452,600 increase in property tax revenues that was made possible when an actuarial study of the Firemen's Pension Fund revealed the fund was fully funded and no longer in need of a portion of property taxes.

- A \$600,000 increase in sales tax revenues that was the result of the addition of a 1/10th of 1% sales tax whose proceeds are dedicated to public safety.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. City of Wenatchee's investment in capital assets for its governmental and business-type activities as of December 31, 2008, amounts to \$115,552,898 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment and streets.

Major capital asset events during the current fiscal year included the following:

- Completion of the new Public Services Center increasing the values in governmental and business type activities for a combined increase of \$9,435,948.

City of Wenatchee's Capital Assets (net of depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Land | \$ 6,063,852 | 6,659,785 | \$ 1,391,355 | 1,149,340 | \$ 7,455,207 | 7,809,125 |
| Buildings and system | 22,075,849 | 17,408,443 | 49,507,739 | 43,611,178 | 71,583,588 | 61,019,621 |
| Improvements other than buildings | 1,576,658 | 1,503,435 | 19,639 | 0 | 1,596,297 | 1,503,435 |
| Machinery and equipment | 4,203,617 | 3,053,889 | 2,010,160 | 1,225,504 | 6,213,777 | 4,279,393 |
| Infrastructure | 27,292,953 | 26,936,171 | 0 | 0 | 27,292,953 | 26,936,171 |
| Construction in progress | 704,160 | 2,442,893 | 707,007 | 2,728,264 | 1,411,167 | 5,171,157 |
| Total | <u>\$ 61,917,089</u> | <u>\$ 58,004,616</u> | <u>\$ 53,635,900</u> | <u>\$ 48,714,286</u> | <u>\$ 115,552,989</u> | <u>\$ 106,718,902</u> |

Additional information on the City's capital assets can be found in Footnote #6 located in Part 5 of this report.

Long-term Debt. At the end of the current fiscal year, the City of Wenatchee had bond and state revolving loan related long-term debt of \$33,939,068. Of this amount, \$14,686,750 is comprised of general obligation bonds issued by the City that are backed by the full faith and credit of the government, \$510,000 represents a City guarantee of the repayment of a portion of bonds issued by Chelan County for the construction of the Rivercom facility, \$53,711 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment, \$11,775,000 represents revenue bonds secured solely by utility revenue sources, and \$6,913,607 represents a Washington Department of Ecology State Revolving Fund (SRF) Loan that was used to renovate our wastewater treatment plant. This SRF loan repayment will be repaid solely by utility revenue sources.

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| General obligation bonds | 14,686,750 | 12,550,000 | 0 | 0 | 14,686,750 | 12,550,000 |
| Loan Guaranty | 510,000 | 537,500 | 0 | 0 | 510,000 | 537,500 |
| Speciall assessment debt | 53,711 | 88,711 | 0 | 0 | 53,711 | 88,711 |
| Revenue bonds | 0 | 0 | 11,775,000 | 13,025,000 | 11,775,000 | 13,025,000 |
| State Loans | 0 | 0 | 6,913,607 | 7,245,709 | 6,913,607 | 7,245,709 |
| Total | <u>15,250,461</u> | <u>13,176,211</u> | <u>18,688,607</u> | <u>20,270,709</u> | <u>33,939,068</u> | <u>33,446,920</u> |

The City's total bond related long-term debt increased by \$492,148 (1.5%) during the current fiscal year. The net increase is the result of:

- A decrease of \$2,469,602 from making regularly scheduled debt service payments.
- An increase of \$2,961,750 relating to a 2008 short term three year note issued.

The bond ratings held by the City of Wenatchee on its various issues are as follows:

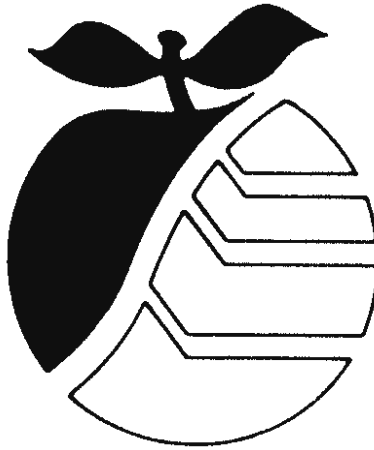
| Bond Type | Moody's | Standard & Poor's |
|---|---------|-------------------|
| Revenue | A3 | AA- |
| Unlimited Tax General Obligation (UTGO) | A2 | A |
| Limited Tax General Obligation (LTGO) | A3 | A |

Additional information on the City's long-term debt can be found in Footnote #10.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Wenatchee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, PO Box 519, Wenatchee, WA 98807-0519.

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CITY OF WENATCHEE, WASHINGTON
STATEMENT OF NET ASSETS
December 31, 2008

| | Primary Government | | | Component Unit |
|--|-------------------------|---------------------|----------------|----------------------------|
| | Governmental Activities | Business Activities | Total | Public Facilities District |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 10,096,476 | \$ 7,767,489 | \$ 17,863,965 | \$ 1,459,227 |
| Cash with Fiscal Agent | 5,000 | 0 | 5,000 | 0 |
| Receivables (net) | 4,864,122 | 956,973 | 5,821,095 | 661,593 |
| Internal Balances | (1,000,000) | 1,000,000 | 0 | 0 |
| Inventories | 15,586 | 212,001 | 227,587 | 0 |
| Prepaid Expenses | 0 | 0 | 0 | 60,213 |
| Unamortized debt issue costs/premiums | 89,752 | 228,627 | 318,379 | 258,681 |
| Restricted assets | | | | |
| Cash | 643,889 | 1,298,098 | 1,941,987 | 980,168 |
| Net pension asset | 157,270 | 0 | 157,270 | 0 |
| Capital assets | | | | |
| Land | 6,063,852 | 1,391,355 | 7,455,207 | 1,706,915 |
| Buildings and system (net) | 22,075,849 | 49,507,739 | 71,583,588 | 48,615,453 |
| Other improvements (net) | 1,576,658 | 19,639 | 1,596,297 | 0 |
| Machinery and equipment (net) | 4,203,617 | 2,010,160 | 6,213,777 | 1,869,259 |
| Infrastructure (net) | 27,292,953 | 0 | 27,292,953 | 0 |
| Construction in progress | 704,160 | 707,007 | 1,411,167 | 0 |
| Total assets | 76,789,184 | 65,099,088 | 141,888,272 | 55,611,509 |
| LIABILITIES | | | | |
| Current payables | 835,706 | 345,061 | 1,180,767 | 322,181 |
| Retainage payable | 399,344 | 268,303 | 667,647 | 0 |
| Claims and judgements payable | 100,000 | 0 | 100,000 | 0 |
| Custodial | 21,418 | 71,208 | 92,626 | 0 |
| Unearned Revenue | 0 | 0 | 0 | 122,920 |
| Deferred Revenue | 0 | 0 | 0 | 493,784 |
| Accrued interest payable | 0 | 84,892 | 84,892 | 219,168 |
| Noncurrent liabilities | | | | |
| Due within one year | 841,805 | 1,250,000 | 2,091,805 | 0 |
| Due in more than one year | 14,408,656 | 10,525,000 | 24,933,656 | 41,770,000 |
| Due to other gov't current | 0 | 332,102 | 332,102 | 0 |
| Due to other gov't long term | 0 | 6,581,505 | 6,581,505 | 0 |
| Net OPEB obligation | 231,468 | 0 | 231,468 | 0 |
| Compensated absences non-current | 1,518,103 | 236,433 | 1,754,536 | 0 |
| Total liabilities | 18,356,500 | 19,694,504 | 38,051,004 | 42,928,053 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 45,666,628 | 34,947,293 | 80,613,921 | 10,421,627 |
| Restricted | 0 | 1,293,098 | 1,293,098 | 980,168 |
| Unrestricted | 12,766,056 | 9,164,193 | 21,930,249 | 1,281,661 |
| Total net assets | \$ 58,432,684 | \$ 45,404,584 | \$ 103,837,268 | \$ 12,683,456 |

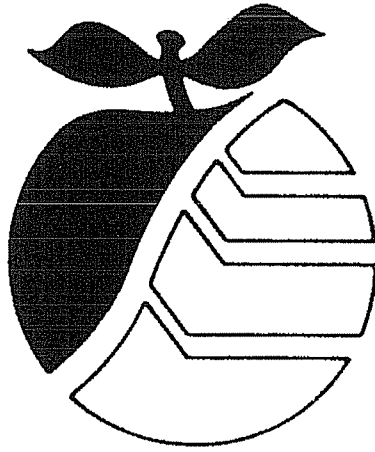
The notes to the financial statements are an integral part of this statement.

CITY OF WENATCHEE, WASHINGTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenue and Changes in Net Assets | | | Component Unit |
|----------------------------------|---------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|-----------------|----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | |
| Governmental Activities | | | | | | | | |
| General government | \$ 4,400,439 | \$ 973,477 | \$ 750,443 | \$ 30,005 | \$ (2,646,514) | \$ 0 | \$ (2,646,514) | \$ 0 |
| Public safety | 13,420,476 | 895,034 | 996,964 | 9,037 | (11,519,441) | 0 | (11,519,441) | 0 |
| Physical Environment | 1,356,303 | 445,887 | 241,453 | 0 | (668,963) | 0 | (668,963) | 0 |
| Transportation | 3,094,351 | 209,285 | 492,904 | 806,207 | (1,585,955) | 0 | (1,585,955) | 0 |
| Economic environment | 2,057,482 | 482,241 | 1,376,235 | 0 | (199,006) | 0 | (199,006) | 0 |
| Culture and recreation | 16,507,397 | 565,459 | 8,402,632 | 489,506 | (7,049,800) | 0 | (7,049,800) | 0 |
| Interest on long-term debt | 544,135 | 0 | 7,441 | 0 | (536,694) | 0 | (536,694) | 0 |
| Total governmental activities | 41,380,583 | 3,571,383 | 12,268,072 | 1,334,755 | (24,206,373) | 0 | (24,206,373) | 0 |
| Business Activities | | | | | | | | |
| Water/Sewer | 6,873,902 | 7,965,697 | 53,116 | 0 | 0 | 1,144,911 | 1,144,911 | 0 |
| Storm Drain | 902,294 | 1,014,786 | 0 | 0 | 0 | 112,492 | 112,492 | 0 |
| Regional Water | 711,044 | 1,394,599 | 0 | 0 | 0 | 683,555 | 683,555 | 0 |
| Solid Waste | 1,766,338 | 1,802,216 | 0 | 0 | 0 | 35,878 | 35,878 | 0 |
| Cemetery | 282,915 | 188,258 | 0 | 0 | 0 | (94,657) | (94,657) | 0 |
| Total business type activities | 10,536,493 | 12,365,556 | 53,116 | 0 | 0 | 1,882,179 | 1,882,179 | 0 |
| Total Primary Government | \$ 51,917,076 | \$ 15,936,939 | \$ 12,321,188 | \$ 1,334,755 | \$ (24,206,373) | \$ 1,882,179 | \$ (22,324,194) | \$ 0 |
| Component Units | | | | | | | | |
| Public Facilities District | 2,269,695 | 383,131 | 88,808 | 13,326,528 | 0 | 0 | 0 | 11,528,772 |
| Total Component Unit | \$ 2,269,695 | \$ 383,131 | \$ 88,808 | \$ 13,326,528 | 0 | 0 | 0 | 11,528,772 |
| General Revenues: | | | | | | | | |
| Property Taxes | | | | | 5,482,921 | 0 | 5,482,921 | 0 |
| Sales Taxes | | | | | 7,674,703 | 0 | 7,674,703 | 0 |
| City Utility Taxes | | | | | 1,550,545 | 0 | 1,550,545 | 0 |
| Other Taxes | | | | | 4,366,267 | 0 | 4,366,267 | 0 |
| Licenses | | | | | 173,154 | 0 | 173,154 | 0 |
| Unrestricted investment earnings | | | | | 439,286 | 350,173 | 789,459 | 0 |
| Miscellaneous general revenues | | | | | 1,453,931 | 0 | 1,453,931 | 0 |
| Transfers | | | | | (550,404) | 550,404 | 0 | 0 |
| Total general revenues | | | | | 20,590,403 | 900,577 | 21,490,980 | 0 |
| Change in net assets | | | | | (3,615,970) | 2,782,756 | (833,214) | 11,528,772 |
| Net assets beginning balance | | | | | 62,048,654 | 42,621,828 | 104,670,482 | 1,196,556 |
| Prior period correction | | | | | 0 | 0 | 0 | (41,872) |
| Net assets ending balance | | | | | \$ 58,432,684 | \$ 45,404,584 | \$ 103,837,268 | \$ 12,683,456 |

The notes to the financial statements are an integral part of this statement.

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**CITY OF WENATCHEE, WA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

| | GENERAL | STREET | ARTERIAL STREET | EVENT CENTER CERB GRANT | PUBLIC WORKS CONSTRUCTION |
|--|---------------------|-------------------|---------------------|----------------------------|------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 2,024,499 | \$ 512,385 | \$ 763,740 | \$ 16,680 | \$ 408,478 |
| Cash with Fiscal Agent | 0 | 0 | 0 | 0 | 0 |
| Receivables: | | | | | |
| Taxes | 152,207 | 50,035 | 0 | 0 | 0 |
| Accounts | 491,058 | 4,207 | 0 | 0 | 0 |
| Due from Other Funds | 8,856 | 0 | 0 | 0 | 0 |
| Intergovernmental | 1,889,958 | 55,895 | 473,380 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 | 0 |
| Prepayments | 163,245 | 0 | 0 | 0 | 0 |
| Restricted Assets: | | | | | |
| Cash | 43,377 | 0 | 0 | 0 | 0 |
| Interfund Loans Receivable | 0 | 0 | 0 | 0 | 0 |
| TOTAL ASSETS | \$ 4,773,200 | \$ 622,522 | \$ 1,237,120 | \$ 16,680 | \$ 408,478 |
| LIABILITIES | | | | | |
| Accounts Payable | 317,057 | 29,639 | 38,747 | 0 | 86,810 |
| Wages Payable | 11,146 | 3,327 | 0 | 0 | 0 |
| Due To Other Funds | 0 | 0 | 0 | 0 | 0 |
| Deposits Payable | 18,504 | 0 | 0 | 0 | 0 |
| Revenues Received In Advance | 0 | 0 | 0 | 0 | 0 |
| Deferred Revenues | 173,216 | 44,383 | 92,737 | 0 | 0 |
| Sales Tax Payable | 0 | 0 | 0 | 0 | 0 |
| Retainage Payable | 14,823 | 0 | 8,152 | 0 | 309,807 |
| Leasehold Excise Tax Payable | 0 | 0 | 0 | 0 | 0 |
| Interest Payable | 0 | 0 | 0 | 0 | 0 |
| Unclaimed Property | 0 | 0 | 0 | 0 | 0 |
| Interfund Loans Payable | 621,105 | 0 | 0 | 1,000,000 | 0 |
| TOTAL LIABILITIES | 1,155,851 | 77,349 | 139,636 | 1,000,000 | 396,617 |
| FUND BALANCE | | | | | |
| Reserved | 43,529 | 0 | 0 | 0 | 0 |
| Unreserved , reported in | | | | | |
| Special Revenue Funds | 0 | 545,173 | 1,097,484 | (983,320) | 0 |
| Debt Service Funds | 0 | 0 | 0 | 0 | 0 |
| Capital Project Funds | 0 | 0 | 0 | 0 | 11,861 |
| Unreserved | 3,573,820 | 0 | 0 | 0 | 0 |
| TOTAL FUND BALANCES | 3,617,349 | 545,173 | 1,097,484 | (983,320) | 11,861 |
| TOTAL LIABILITIES AND FUND BALANCE \$ | \$ 4,773,200 | \$ 622,522 | \$ 1,237,120 | \$ 16,680 | \$ 408,478 |

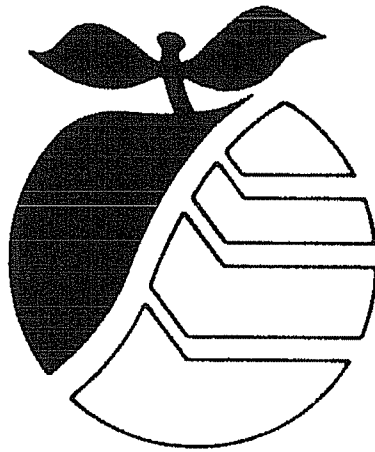
CITY OF WENATCHEE, WA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

| | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---------------------------------------|--------------------------------|--------------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 3,081,908 | \$ 6,807,690 |
| Cash with Fiscal Agent | 5,000 | 5,000 |
| Receivables: | | |
| Taxes | 14,692 | 216,934 |
| Accounts | 518,653 | 1,013,918 |
| Due from Other Funds | 0 | 8,856 |
| Intergovernmental | 1,049,768 | 3,469,001 |
| Interest | 0 | 0 |
| Prepayments | 0 | 163,245 |
| Restricted Assets: | | |
| Cash | 0 | 43,377 |
| Interfund Loans Receivable | 621,105 | 621,105 |
| TOTAL ASSETS | \$ 5,291,126 | \$ 12,349,126 |
| LIABILITIES | | |
| Accounts Payable | 134,252 | 606,505 |
| Wages Payable | 72 | 14,545 |
| Due To Other Funds | 8,856 | 8,856 |
| Deposits Payable | 2,914 | 21,418 |
| Revenues Received In Advance | 3,920 | 3,920 |
| Deferred Revenues | 783,337 | 1,093,673 |
| Sales Tax Payable | 0 | 0 |
| Retainage Payable | 79,233 | 412,015 |
| Leasehold Excise Tax Payable | 8,759 | 8,759 |
| Interest Payable | 0 | 0 |
| Unclaimed Property | 0 | 0 |
| Interfund Loans Payable | 0 | 1,621,105 |
| TOTAL LIABILITIES | 1,021,343 | 3,790,796 |
| FUND BALANCE | | |
| Reserved | 765,933 | 809,462 |
| Unreserved , reported in | | |
| Special Revenue Funds | 3,058,789 | 3,718,126 |
| Debt Service Funds | 120,117 | 120,117 |
| Capital Project Funds | 324,944 | 336,805 |
| Unreserved | 0 | 3,573,820 |
| TOTAL FUND BALANCES | 4,269,783 | 8,558,330 |
| TOTAL LIABILITIES AND FUND BALANCE \$ | 5,291,126 | |

CITY OF WENATCHEE, WA
RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2008

| | |
|--|-------------------|
| Total net assets Governmental Funds | 8,558,330 |
| The amounts for the governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not reported in the funds. | 58,381,512 |
| Long term liabilities such as bonded debt is not reported in the governmental funds. | (16,597,374) |
| Net OPEB Obligation | (231,468) |
| Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds. | 1,250,943 |
| The Internal Service Funds' assets and liabilities are reported in the governmental funds. | 7,070,741 |
| Net assets of governmental activities | <u>58,432,684</u> |

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CITY OF WENATCHEE, WA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

| | GENERAL | STREET | ARTERIAL STREET | EVENT CENTER CERB GRANT | PUBLIC WORKS CONSTRUCTION |
|---|---------------------|-------------------|---------------------|-------------------------------|---------------------------------|
| REVENUES | | | | | |
| Taxes | \$ 17,342,649 | \$ 1,252,076 | \$ 0 | \$ 0 | \$ 0 |
| Licenses and Permits | 637,804 | 0 | 0 | 0 | 0 |
| Intergovernmental | 1,317,557 | 393,242 | 921,906 | 7,300,000 | 0 |
| Charges for services | 1,668,117 | 218,285 | 0 | 0 | 0 |
| Fines and Forfeits | 620,685 | 0 | 0 | 0 | 0 |
| Investment earnings | 115,977 | 12,808 | 19,663 | 16,680 | 25,370 |
| Special Assessment Payments | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 68,619 | 10,357 | 882 | 0 | 1,199 |
| Total Revenues | 21,771,408 | 1,886,768 | 942,451 | 7,316,680 | 26,569 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | 3,250,432 | 0 | 0 | 0 | 0 |
| Security of Persons & Property | 12,559,127 | 0 | 0 | 0 | 0 |
| Physical Environment | 696,117 | 0 | 0 | 0 | 0 |
| Transportation | 0 | 1,922,280 | 60,906 | 0 | 0 |
| Economic Environment | 1,201,134 | 0 | 0 | 0 | 0 |
| Culture & Recreation | 2,172,854 | 0 | 0 | 8,300,000 | 0 |
| Miscellaneous | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | | | | | |
| General | 10,750 | 0 | 0 | 0 | 5,769,049 |
| Highway/streets | 271,550 | 9,199 | 742,606 | 0 | 0 |
| Debt Service | | | | | |
| Principal Retirement | 33,631 | 0 | 0 | 0 | 0 |
| Interest and other charges | 13,982 | 0 | 25,005 | 0 | 0 |
| Debt Issue Costs | 0 | 0 | 0 | 0 | 19,303 |
| Total Expenditures | 20,209,577 | 1,931,479 | 828,517 | 8,300,000 | 5,788,352 |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | 1,561,831 | (44,711) | 113,934 | (983,320) | (5,761,783) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Capital Asset Disposition | 0 | 0 | 1,831,302 | 0 | 50,000 |
| Transfers In | 19,583 | 0 | 0 | 0 | 700,000 |
| Debt Proceeds | 0 | 0 | 0 | 0 | 2,961,750 |
| Contributions to other Agencies | 0 | 0 | 0 | 0 | 0 |
| Insurance Recoveries | 1,020 | 0 | 0 | 0 | 61,717 |
| Transfers Out | (3,074,328) | (43,100) | (200,000) | 0 | 0 |
| Total Other Financing Sources (Uses) | (3,053,725) | (43,100) | 1,631,302 | 0 | 3,773,467 |
| CHANGE IN FUND BALANCE | (1,491,894) | (87,811) | 1,745,236 | (983,320) | (1,988,316) |
| FUND BALANCE JANUARY 1 | 5,109,243 | 632,984 | (647,753) | 0 | 2,000,177 |
| Prior Period Correction | 0 | 0 | 0 | 0 | 0 |
| FUND BALANCE DECEMBER 31 | \$ 3,617,349 | \$ 545,173 | \$ 1,097,483 | \$ (983,320) | \$ 11,861 |

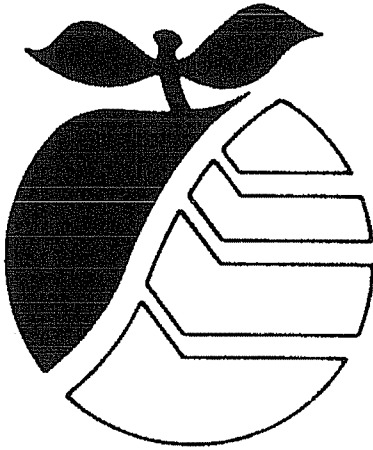
CITY OF WENATCHEE, WA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

| | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|
| REVENUES | | |
| Taxes | \$ 2,577,505 | \$ 21,172,230 |
| Licenses and Permits | 0 | 637,804 |
| Intergovernmental | 1,211,542 | 11,144,247 |
| Charges for services | 61,567 | 1,947,969 |
| Fines and Forfeits | 0 | 620,685 |
| Investment earnings | 156,071 | 346,569 |
| Special Assessment Payments | 129,082 | 129,082 |
| Miscellaneous | 376,915 | 457,972 |
| Total Revenues | <u>4,512,682</u> | <u>36,456,558</u> |
| EXPENDITURES | | |
| Current: | | |
| General Government | 84 | 3,250,516 |
| Security of Persons & Property | 558,659 | 13,117,786 |
| Physical Environment | 0 | 696,117 |
| Transportation | 911,387 | 2,894,573 |
| Economic Environment | 781,851 | 1,982,985 |
| Culture & Recreation | 1,507,910 | 11,980,764 |
| Miscellaneous | 0 | 0 |
| Capital Outlay | | |
| General | 899,318 | 6,679,117 |
| Highway/streets | 201,485 | 1,224,840 |
| Debt Service | | |
| Principal Retirement | 860,000 | 893,631 |
| Interest and other charges | 549,878 | 588,865 |
| Debt Issue Costs | 0 | 19,303 |
| Total Expenditures | <u>6,270,572</u> | <u>43,328,497</u> |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | <u>(1,757,890)</u> | <u>(6,871,939)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Capital Asset Disposition | 1,014,698 | 2,896,000 |
| Transfers In | 5,124,666 | 5,844,249 |
| Debt Proceeds | 0 | 2,961,750 |
| Contributions to other Agencies | (4,000,000) | (4,000,000) |
| Insurance Recoveries | 0 | 62,737 |
| Transfers Out | (1,909,037) | (5,226,465) |
| Total Other Financing Sources (Uses) | <u>230,327</u> | <u>2,538,271</u> |
| CHANGE IN FUND BALANCE | (1,527,563) | (4,333,668) |
| FUND BALANCE JANUARY 1 | 5,797,347 | 12,891,998 |
| Prior Period Correction | 0 | 0 |
| FUND BALANCE DECEMBER 31 | \$ <u>4,269,784</u> | \$ <u>8,558,330</u> |

CITY OF WENATCHEE, WASHINGTON
 RECONCILIATION OF THE STATEMENT OF REVENUES
 EXPENDITURES AND CHANGES IN FUND BALANCE
 OF THE GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | |
|---|-----------------------|
| Net change in fund balance - total governmental funds | \$ (4,333,668) |
| The amounts reported for Governmental Activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlays as expenditures and sales of capital assets as revenue. However in the Statement of Activities the cost of those assets is instead allocated over their estimated useful lives and reported as depreciation expense. The sale of assets on the Statement of Activities will only report a profit or loss if the proceeds of the sale are more or less than the net value of the asset. This is the amount by which capital outlays exceeded depreciation in the current period and the net effect of the sale of capital assets. | |
| | 3,385,214 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 458,418 |
| The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long term debt and related items. | |
| | (2,053,209) |
| The Internal Service funds are used to support governmental activities. | |
| The net revenue (expense) of these funds are reported in governmental activities. | (806,195) |
| OPEB Cost | (231,468) |
| Compensated Absences | (35,062) |
| Change in net assets of governmental activities. | \$ <u>(3,615,970)</u> |

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CITY OF WENATCHEE, WASHINGTON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

| | | | | VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE) | | | | |
|--------------------------------------|----|------------|----|---|----|------------|----|-----------|
| BUDGETED AMOUNTS | | | | ACTUAL AMOUNTS | | | | |
| ORIGINAL | | FINAL | | | | | | |
| REVENUES | | | | | | | | |
| Taxes: | | | | | | | | |
| Property | \$ | 3,408,200 | \$ | 3,860,800 | \$ | 3,807,852 | \$ | (52,948) |
| Sales | | 8,060,000 | | 8,660,000 | | 8,413,992 | | (246,008) |
| Business | | 4,989,000 | | 4,989,000 | | 5,086,073 | | 97,073 |
| Other | | 50,000 | | 50,000 | | 34,732 | | (15,268) |
| Licenses & Permits | | 683,000 | | 683,000 | | 637,804 | | (45,196) |
| Intergovernmental | | 879,859 | | 1,350,944 | | 1,317,557 | | (33,387) |
| Charges for Services | | 1,590,710 | | 1,590,710 | | 1,668,117 | | 77,407 |
| Fines & Forfeits | | 555,000 | | 555,000 | | 620,685 | | 65,685 |
| Interest Earnings | | 171,000 | | 116,000 | | 115,977 | | (23) |
| Rentals | | 0 | | 0 | | 0 | | 0 |
| Miscellaneous | | 35,100 | | 43,550 | | 68,619 | | 25,069 |
| Total Revenues | | 20,421,869 | | 21,899,004 | | 21,771,408 | | (127,596) |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General Government Services: | | | | | | | | |
| Legislative | | 699,725 | | 699,725 | | 645,327 | | 54,398 |
| Judicial | | 444,000 | | 444,000 | | 465,347 | | (21,347) |
| Financial | | 987,660 | | 987,660 | | 973,961 | | 13,699 |
| Legal | | 245,000 | | 245,000 | | 253,641 | | (8,641) |
| Personnel | | 225,307 | | 225,307 | | 222,209 | | 3,098 |
| Employee Benefits Program | | 0 | | 10,405 | | 10,579 | | (174) |
| Facility Maintenance | | 679,400 | | 679,400 | | 679,368 | | 32 |
| Total General Government Services | | 3,281,092 | | 3,291,497 | | 3,250,432 | | 41,065 |
| Security of Persons & Property: | | | | | | | | |
| Police | | 7,965,725 | | 8,472,170 | | 8,390,828 | | 81,342 |
| Fire | | 4,176,469 | | 4,173,613 | | 4,168,299 | | 5,314 |
| Total Security of Persons & Property | | 12,142,194 | | 12,645,783 | | 12,559,127 | | 86,656 |
| Physical Environment | | 766,036 | | 766,036 | | 696,117 | | 69,919 |
| Economic Environment | | 1,293,587 | | 1,293,587 | | 1,201,134 | | 92,453 |
| Mental & Physical Health | | 0 | | 0 | | 0 | | 0 |
| Culture & Recreation | | 2,112,501 | | 2,132,605 | | 2,172,854 | | (40,249) |
| Capital Outlay | | 150,000 | | 306,250 | | 282,300 | | 23,950 |
| Debt Service: | | | | | | | | |
| Principal Retirement | | 31,836 | | 44,363 | | 33,631 | | 10,732 |
| Interest and Fiscal Charges | | 2,806 | | 13,982 | | 13,982 | | 0 |
| Total Expenditures | | 19,780,052 | | 20,494,103 | | 20,209,577 | | 284,526 |
| Excess (Deficiency) of Revenues | | | | | | | | |
| Over (Under) Expenditures | | 641,817 | | 1,404,901 | | 1,561,831 | | 156,930 |

CITY OF WENATCHEE, WASHINGTON
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN BALANCE - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH |
|---|---------------------|---------------------|---------------------|--|
| | ORIGINAL | FINAL | AMOUNTS | FINAL BUDGET - POSITIVE (NEGATIVE) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Capital Assets | 0 | 0 | 0 | 0 |
| Insurance Proceeds | 0 | 0 | 1,020 | 1,020 |
| Transfers In | 12,000 | 18,600 | 19,583 | 983 |
| Transfers Out | (1,770,457) | (3,076,536) | (3,074,328) | 2,208 |
| Total Other Financing Sources (Uses) | (1,758,457) | (3,057,936) | (3,053,725) | 4,211 |
| Excess (Deficiency) of Revenues and Other Sources over (Under) Expenditures and Other Uses | (1,116,640) | (1,653,035) | (1,491,894) | 161,141 |
| FUND BALANCE JANUARY 1, | 5,109,243 | 5,109,243 | 5,109,243 | 0 |
| FUND BALANCE DECEMBER 31, | <u>\$ 3,992,603</u> | <u>\$ 3,456,208</u> | <u>\$ 3,617,349</u> | <u>\$ 161,141</u> |

CITY OF WENATCHEE, WASHINGTON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH |
|--|-------------------|-------------------|-------------------|--|
| | ORIGINAL | FINAL | AMOUNTS | FINAL BUDGET - POSITIVE (NEGATIVE) |
| REVENUES | | | | |
| Taxes | \$ 1,269,200 | \$ 1,269,200 | \$ 1,252,076 | \$ (17,124) |
| Intergovernmental Revenues | 429,200 | 429,200 | 393,242 | (35,958) |
| Charges for Services | 178,200 | 178,200 | 218,285 | 40,085 |
| Interest | 32,000 | 32,000 | 12,808 | (19,192) |
| Miscellaneous | 10,000 | 10,000 | 10,357 | 357 |
| Total Revenues | <u>1,918,600</u> | <u>1,918,600</u> | <u>1,886,768</u> | <u>(31,832)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 1,918,524 | 1,918,524 | 1,922,280 | (3,756) |
| Capital Outlay | 40,000 | 40,000 | 9,199 | 30,801 |
| Debt Service: | | | | |
| Principal | 0 | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Total Expenditures | <u>1,958,524</u> | <u>1,958,524</u> | <u>1,931,479</u> | <u>27,045</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(39,924)</u> | <u>(39,924)</u> | <u>(44,711)</u> | <u>(4,787)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 0 | 0 | 0 | 0 |
| Transfers (Out) | (55,600) | (55,600) | (43,100) | 12,500 |
| Total Other Financing Sources (Uses) | <u>(55,600)</u> | <u>(55,600)</u> | <u>(43,100)</u> | <u>12,500</u> |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>(95,524)</u> | <u>(95,524)</u> | <u>(87,811)</u> | <u>7,713</u> |
| FUND BALANCE JANUARY 1, | <u>632,984</u> | <u>632,984</u> | <u>632,984</u> | <u>0</u> |
| FUND BALANCE DECEMBER 31, | <u>\$ 537,460</u> | <u>\$ 537,460</u> | <u>\$ 545,173</u> | <u>\$ 7,713</u> |

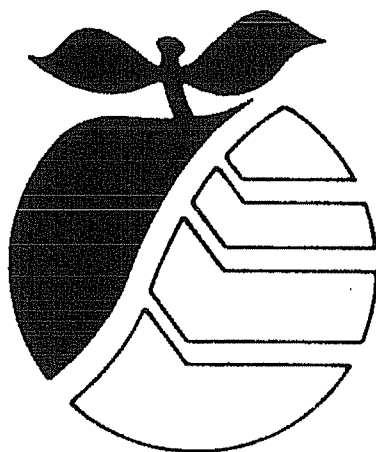
CITY OF WENATCHEE, WASHINGTON
STATEMENT OF REVENUES, EXPENDITURES AND
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ARTERIAL STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE) |
|--|-------------------------|---------------------|-----------------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Intergovernmental Revenues | 5,480,817 | 950,833 | 921,906 | (28,927) |
| Charges for Services | 0 | 0 | 0 | 0 |
| Interest | 5,000 | 5,000 | 19,663 | 14,663 |
| Miscellaneous | 1,200,000 | 0 | 882 | 882 |
| Total Revenues | <u>6,685,817</u> | <u>955,833</u> | <u>942,451</u> | <u>(13,382)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 0 | 60,512 | 60,906 | (394) |
| Capital Outlay | 7,188,954 | 974,220 | 742,606 | 231,614 |
| Debt Service: | | | | |
| Principal | 1,179,461 | 1,179,461 | 0 | 1,179,461 |
| Interest | 0 | 25,005 | 25,005 | 0 |
| Total Expenditures | <u>8,368,415</u> | <u>2,239,198</u> | <u>828,517</u> | <u>1,410,681</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(1,682,598)</u> | <u>(1,283,365)</u> | <u>113,934</u> | <u>1,397,299</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 0 | 0 | 0 | 0 |
| Sale of Assets | 1,350,000 | 1,831,300 | 1,831,302 | 2 |
| Transfers (Out) | 0 | (200,000) | (200,000) | 0 |
| Total Other Financing Sources (Uses) | <u>1,350,000</u> | <u>1,631,300</u> | <u>1,631,302</u> | <u>2</u> |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>(332,598)</u> | <u>347,935</u> | <u>1,745,236</u> | <u>1,397,301</u> |
| FUND BALANCE JANUARY 1, Prior Period Adjustment | <u>(647,753)</u> | <u>(647,753)</u> | <u>(647,753)</u> | <u>0</u> |
| FUND BALANCE DECEMBER 31, | <u>\$ (980,351)</u> | <u>\$ (299,818)</u> | <u>\$ 1,097,483</u> | <u>\$ 1,397,301</u> |

**CITY OF WENATCHEE, WASHINGTON
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EVENT CENTER - CERB GRANT
FOR THE YEAR ENDED DECEMBER 31, 2008**

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE) |
|--|------------------|------------------|---------------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Intergovernmental Revenues | 8,300,000 | 8,300,000 | 7,300,000 | (1,000,000) |
| Charges for Services | 0 | 0 | 0 | 0 |
| Interest | 0 | 0 | 16,680 | 16,680 |
| Miscellaneous | 0 | 0 | 0 | 0 |
| Total Revenues | <u>8,300,000</u> | <u>8,300,000</u> | <u>7,316,680</u> | <u>(983,320)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Cultural & Recreation | 8,300,000 | 8,300,000 | 8,300,000 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Principal | 0 | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Total Expenditures | <u>8,300,000</u> | <u>8,300,000</u> | <u>8,300,000</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>0</u> | <u>0</u> | <u>(983,320)</u> | <u>(983,320)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 0 | 0 | 0 | 0 |
| Sale of Assets | 0 | 0 | 0 | 0 |
| Transfers (Out) | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>0</u> | <u>0</u> | <u>(983,320)</u> | <u>(983,320)</u> |
| FUND BALANCE JANUARY 1, | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Prior Period Adjustment | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| FUND BALANCE DECEMBER 31, | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ (983,320)</u> | <u>\$ (983,320)</u> |

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CITY OF WENATCHEE, WASHINGTON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2008

| | WATER SEWER | STORM DRAIN | REGIONAL WATER | OTHER PROPRIETARY | TOTAL | INTERNAL SERVICE FUNDS |
|--|--------------|-------------|----------------|-------------------|--------------|------------------------|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash & Cash Equivalents | \$ 5,239,516 | \$ 477,220 | \$ 1,908,867 | \$ 141,886 | \$ 7,767,489 | \$ 3,288,786 |
| Cash With Fiscal Agent | 0 | 0 | 0 | 0 | 0 | 0 |
| Receivables (net of allowance for uncollectibles): | | | | | | |
| Accounts | 615,008 | 76,294 | 0 | 173,114 | 864,416 | 1,024 |
| Interfund Loans | 7,153 | 0 | 0 | 0 | 7,153 | 0 |
| Intergovernmental | 11,676 | 699 | 73,029 | 0 | 85,404 | 0 |
| Restricted Cash | 0 | 0 | 0 | 5,000 | 5,000 | 600,511 |
| Inventory of Material and Supplies | 212,001 | 0 | 0 | 0 | 212,001 | 15,586 |
| Total current assets | 6,085,354 | 554,213 | 1,981,896 | 320,000 | 8,941,463 | 3,905,907 |
| Noncurrent assets | | | | | | |
| Interfund Loans Receivable | 1,000,000 | 0 | 0 | 0 | 1,000,000 | 0 |
| Unamortized debt issue costs | 174,902 | 32,333 | 0 | 0 | 207,235 | 0 |
| Unamortized debt discount | 8,849 | 4,709 | 22,403 | 0 | 35,961 | 0 |
| Deferred amount on debt refunding | 13,296 | 0 | 9,046 | 0 | 22,342 | 0 |
| Restricted Assets: | | | | | | |
| Cash-Revenue Bond Debt Service | 733,404 | 277,199 | 32,495 | 0 | 1,043,098 | 0 |
| Cash-Construction Accounts | 0 | 0 | 250,000 | 0 | 250,000 | 0 |
| Capital Assets (Net) | 42,399,081 | 5,679,196 | 5,170,538 | 387,087 | 53,635,902 | 3,535,578 |
| Total noncurrent assets | 44,329,532 | 5,993,437 | 5,484,482 | 387,087 | 56,194,538 | 3,535,578 |
| Total Assets | 50,414,886 | 6,547,650 | 7,466,378 | 707,087 | 65,136,001 | 7,441,485 |

The notes to the financial statements are an integral part of this statement.

CITY OF WENATCHEE, WASHINGTON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2008

| | WATER SEWER | STORM DRAIN | REGIONAL WATER | OTHER PROPRIETARY | TOTAL | INTERNAL SERVICE FUNDS |
|--|---------------|--------------|----------------|-------------------|---------------|------------------------|
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Accounts Payable | 287,933 | 8,573 | 31,707 | 2,582 | 330,795 | 187,154 |
| Wages and Benefits Payable | 5,817 | 0 | 579 | 717 | 7,113 | 0 |
| Deposits Payable | 47,200 | 0 | 0 | 0 | 47,200 | 0 |
| Retainage Payable | 267,487 | 816 | 0 | 0 | 268,303 | 2,150 |
| Claims and Judgements Payable | 0 | 0 | 0 | 0 | 0 | 100,000 |
| Custodial | 24,008 | 0 | 0 | 0 | 24,008 | 0 |
| Interfund Loans Payable - Current | 0 | 0 | 7,153 | 0 | 7,153 | 0 |
| Matured Revenue Bonds Payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Total current liabilities | 632,445 | 9,389 | 39,439 | 3,299 | 684,572 | 289,304 |
| Current liabilities payable from restricted assets | | | | | | |
| Due to Other Governments | 337,118 | 0 | 0 | 0 | 337,118 | 0 |
| Accrued Interest Payable | 73,733 | 8,182 | 2,977 | 0 | 84,892 | 0 |
| Non-voted G O Bonds Payable Current | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenue Bonds Payable - Current | 785,782 | 155,000 | 354,218 | 0 | 1,295,000 | 0 |
| Total current liabilities payable from restricted assets | 1,196,633 | 163,182 | 357,195 | 0 | 1,717,010 | 0 |
| Noncurrent liabilities | | | | | | |
| Interfund Loans Payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Due to other Governments | 6,576,490 | 0 | 0 | 0 | 6,576,490 | 0 |
| Unamortized Debt Premium | 22,881 | 0 | 14,032 | 0 | 36,913 | 0 |
| Revenue Bonds Payable | 7,931,757 | 1,805,000 | 743,242 | 0 | 10,479,999 | 0 |
| Compensated Absences | 179,500 | 0 | 23,270 | 33,663 | 236,433 | 81,440 |
| Total Non-current Liabilities | 14,710,628 | 1,805,000 | 780,544 | 33,663 | 17,329,835 | 81,440 |
| Total Liabilities | 16,539,706 | 1,977,571 | 1,177,178 | 36,962 | 19,731,417 | 370,744 |
| NET ASSETS | | | | | | |
| Invested in Capital Assets | | | | | | |
| Net of Related Debt | 26,767,934 | 3,719,196 | 4,073,078 | 387,087 | 34,947,295 | 3,535,578 |
| Restricted for Debt Service | 733,404 | 277,199 | 32,495 | 0 | 1,043,098 | 0 |
| Restricted for Future Construction | 0 | 0 | 250,000 | 5,000 | 255,000 | 0 |
| Unrestricted | 6,373,842 | 573,684 | 1,933,627 | 278,038 | 9,159,191 | 3,535,163 |
| Total Net Assets | \$ 33,875,180 | \$ 4,570,079 | \$ 6,289,200 | \$ 670,125 | \$ 45,404,584 | \$ 7,070,741 |

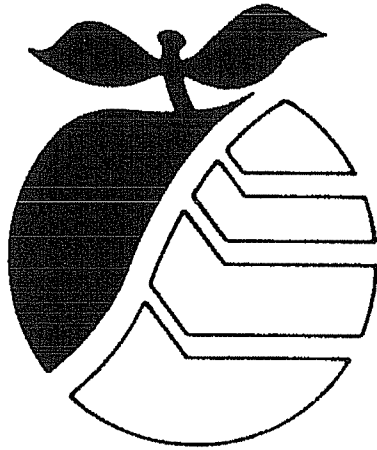
The notes to the financial statements are an integral part of this statement.

CITY OF WENATCHEE, WASHINGTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE PERIOD ENDED DECEMBER 31, 2008

| | WATER SEWER | STORM DRAIN | REGIONAL WATER | OTHER PROPRIETARY | TOTAL | INTERNAL SERVICE FUNDS |
|---|--------------|-------------|----------------|-------------------|--------------|------------------------|
| OPERATING REVENUES: | | | | | | |
| Residential Utility Sales | \$ 3,882,188 | \$ 428,755 | \$ 0 | \$ 1,802,216 | \$ 6,113,159 | \$ 0 |
| Commercial/Industrial Utility Sales | 3,947,129 | 532,239 | 1,388,970 | 0 | 5,868,338 | 0 |
| Connection Fees | 140,783 | 0 | 0 | 0 | 140,783 | 0 |
| Charges for Services | 16,012 | 467 | 0 | 187,794 | 204,273 | 3,657,110 |
| Intergovernmental | 0 | 53,116 | 0 | 0 | 53,116 | 0 |
| Miscellaneous | 32,701 | 209 | 5,629 | 464 | 39,003 | 15,769 |
| Total Operating Revenues | 8,018,813 | 1,014,786 | 1,394,599 | 1,990,474 | 12,418,672 | 3,672,879 |
| OPERATING EXPENSES: | | | | | | |
| Operations and Maintenance | 3,058,909 | 668,143 | 445,850 | 1,787,173 | 5,960,075 | 2,185,659 |
| Contracted Operations | 0 | 0 | 0 | 41,500 | 41,500 | 0 |
| Payment of Premiums | 0 | 0 | 0 | 0 | 0 | 779,715 |
| General Administration | 2,009,282 | 0 | 0 | 214,608 | 2,223,890 | 682 |
| Depreciation/Amortization | 1,415,884 | 125,493 | 212,100 | 5,972 | 1,759,449 | 418,203 |
| Total Operating Expenses | 6,484,075 | 793,636 | 657,950 | 2,049,253 | 9,984,914 | 3,384,259 |
| OPERATING INCOME (LOSS) | 1,534,738 | 221,150 | 736,649 | (58,779) | 2,433,758 | 288,620 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | | |
| Interest Income | 257,180 | 32,583 | 52,922 | 7,488 | 350,173 | 145,127 |
| Net Inc(Dec) in Fair Value of Investments | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Interest Revenue | 257,180 | 32,583 | 52,922 | 7,488 | 350,173 | 145,127 |
| Interest Expense & Related Charges | (500,165) | (104,954) | (47,123) | 0 | (652,242) | 0 |
| Capital Contributions | 0 | 0 | 0 | 0 | 0 | 16,437 |
| Amortization of Debt Discount/ Premium, | | | | | | |
| Issue Costs and Deferred Refunding | (18,462) | (3,704) | (5,971) | 0 | (28,137) | 0 |
| Insurance Recoveries | 0 | 0 | 0 | 0 | 0 | 21,594 |
| Gain (Loss) on sale of Capital Assets | 0 | 0 | 0 | 0 | 0 | 19,016 |
| Non-Operating Revenues Net of Expense | (261,447) | (76,075) | (172) | 7,488 | (330,206) | 202,174 |
| Net Income Before Transfers | 1,273,291 | 145,075 | 736,477 | (51,291) | 2,103,552 | 490,794 |
| Transfers In (Out) | 387,000 | 0 | 195,000 | 97,204 | 679,204 | (1,296,989) |
| CHANGE IN NET ASSETS | 1,660,291 | 145,075 | 931,477 | 45,913 | 2,782,756 | (806,195) |
| NET ASSETS JANUARY 1 | 32,214,889 | 4,425,004 | 5,357,723 | 624,212 | 42,621,828 | 7,876,936 |
| NET ASSETS DECEMBER 31 | 33,875,180 | 4,570,079 | 6,289,200 | 670,125 | 45,404,584 | 7,070,741 |

The notes to the financial statements are an integral part of this statement.

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CITY OF WENATCHEE, WASHINGTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE PERIOD ENDED DECEMBER 31, 2008

| | WATER SEWER | STORM DRAIN | REGIONAL WATER | OTHER PROPRIETARY | TOTAL | INTERNAL SERVICE FUNDS |
|--|--------------|-------------|----------------|-------------------|---------------|------------------------|
| Cash Flows from Operating Activities: | | | | | | |
| Cash received from customers | \$ 7,920,469 | \$ 953,436 | \$ 1,360,590 | \$ 1,982,298 | \$ 12,216,793 | \$ 3,659,834 |
| Cash payments to vendors | (3,436,247) | (507,080) | (282,897) | (1,986,630) | (6,212,854) | (2,288,720) |
| Cash payments to employees | (1,764,270) | (180,975) | (138,831) | (177,204) | (2,261,280) | (816,526) |
| Other operating revenues | 32,701 | 53,325 | 5,629 | 464 | 92,119 | 15,767 |
| Net cash provided by operating activities | 2,752,653 | 318,706 | 944,491 | (181,072) | 3,834,778 | 570,355 |
| Cash Flows From Noncapital Financing Activities: | | | | | | |
| Loans (to) from other funds | 0 | 0 | 0 | 0 | 0 | 0 |
| Repayment of loans (to) from other funds | 220,928 | 0 | 0 | 0 | 220,928 | 0 |
| Interest payments (to) from other funds | 32,645 | 0 | 0 | 0 | 32,645 | 0 |
| Transfers | 387,000 | 0 | 195,000 | 97,204 | 679,204 | (1,296,989) |
| Net cash provided by noncapital financing activities | 640,573 | 0 | 195,000 | 97,204 | 932,777 | (1,296,989) |
| Cash Flows From Capital and Related Financing Activities: | | | | | | |
| Acquisition and construction of capital assets | (6,169,471) | (421,640) | (89,953) | 0 | (6,681,064) | (948,489) |
| Proceeds from issuance of interfund debt | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from issuance of revenue bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| Principal repayment on revenue bonds | (756,020) | (150,000) | (343,980) | 0 | (1,250,000) | 0 |
| Interest and related costs paid on revenue bonds | (415,119) | (105,541) | (46,168) | 0 | (566,828) | 0 |
| Repayment of construction loans | (332,102) | 0 | 0 | 0 | (332,102) | 0 |
| Interest and related costs on construction loans | (107,781) | 0 | 0 | 0 | (107,781) | 0 |
| Principal repayment of interfund debt | 0 | 0 | (41,438) | 0 | (41,438) | 0 |
| Interest received (paid) on interfund debt | 0 | 0 | (1,815) | 0 | (1,815) | 0 |
| Deferred Amount on Refunding | 0 | 0 | 0 | 0 | 0 | 0 |
| Insurance Recoveries | 0 | 0 | 0 | 0 | 0 | 21,594 |
| Proceeds from sale of equipment | 0 | 0 | 0 | 0 | 0 | 37,057 |
| Capital contributed by customers | 0 | 0 | 0 | 0 | 0 | 1,526 |
| Net cash used for capital and related financing activities | (7,780,493) | (677,181) | (523,354) | 0 | (8,981,028) | (888,312) |
| Cash Flows From Investing Activities: | | | | | | |
| Purchase of Investment Securities | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from maturities of investment securities | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest on investments | 232,755 | 32,583 | 52,922 | 7,489 | 325,749 | 145,128 |
| Net cash provided(used) in investing activities | 232,755 | 32,583 | 52,922 | 7,489 | 325,749 | 145,128 |
| Net increase (decrease) in cash and cash equivalents | (4,154,512) | (325,892) | 669,059 | (76,379) | (3,887,724) | (1,469,818) |
| Cash and cash equivalents at beginning of year | 10,127,432 | 1,080,311 | 1,522,303 | 223,265 | 12,953,311 | 5,359,115 |
| Cash and cash equivalents at end of year | \$ 5,972,920 | \$ 754,419 | \$ 2,191,362 | \$ 146,886 | \$ 9,065,587 | \$ 3,889,297 |

The notes to the financial statements are an integral part of this statement.

CITY OF WENATCHEE, WASHINGTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE PERIOD ENDED DECEMBER 31, 2008

| | WATER SEWER | STORM DRAIN | REGIONAL WATER | OTHER PROPRIETARY | TOTAL | INTERNAL SERVICE FUNDS |
|---|------------------------|-------------------|-------------------|-------------------|---------------------|------------------------|
| Operating Income (Loss) | \$ 1,534,738 \$ | 221,150 \$ | 736,649 \$ | (58,779) \$ | 2,433,758 \$ | 288,620 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | | |
| Depreciation | 1,415,884 | 125,493 | 212,100 | 5,972 | 1,759,449 | 418,203 |
| Change in assets and liabilities: | | | | | | |
| (Increase) Decrease Accounts Receivable | (65,645) | (7,325) | 0 | (7,712) | (80,682) | (1,024) |
| (Increase) Decrease Deferred Revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| (Increase) Decrease Due From Other Funds | 0 | 0 | 0 | 0 | 0 | 0 |
| (Increase) Decrease Due From Other Governments | 0 | (699) | (28,380) | 0 | (29,079) | 3,746 |
| (Increase) Decrease Inventory | 17,297 | 0 | 0 | 0 | 17,297 | 1,516 |
| (Increase) Decrease Prepaid Items | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase (Decrease) Accounts Payable | (144,037) | (13,370) | 21,514 | (122,281) | (258,174) | (156,968) |
| Increase (Decrease) Payroll Taxes Payable | (27,537) | 0 | 579 | 717 | (26,341) | 1,208 |
| Increase (Decrease) Retainage Payable | 0 | (6,543) | 0 | 0 | (6,543) | 0 |
| Increase (Decrease) Deposits Payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase (Decrease) Customer Deposits Payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase (Decrease) Due to Other Funds | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase (Decrease) Due to Other Gov't | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase (Decrease) Accrued Employee Leave | 22,053 | 0 | 2,029 | 1,011 | 25,093 | 15,054 |
| Total Adjustments | 1,217,915 | 97,556 | 207,842 | (122,293) | 1,401,020 | 281,735 |
| Net Cash Provided by Operating Activities | \$ 2,752,653 \$ | 318,706 \$ | 944,491 \$ | (181,072) | 3,834,778 \$ | 570,355 |

The notes to the financial statements are an integral part of this statement.

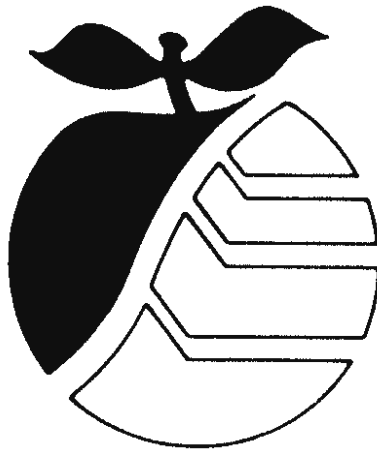
CITY OF WENATCHEE, WA
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2008

| | FIREMEN'S PENSION TRUST FUND |
|--------------------------|---|
| ASSETS | |
| Cash | \$ 3,437,235 |
| Investments | 0 |
| Receivables: | |
| Taxes | 0 |
| Accounts | 0 |
| Interest on Investments | 0 |
| Intergovernmental | 0 |
| TOTAL ASSETS | <u>3,437,235</u> |
| LIABILITIES | |
| Accounts Payable | 0 |
| Deferred Revenues | 0 |
| TOTAL LIABILITIES | <u>0</u> |
| NET ASSETS | |
| Assets held in trust | <u>\$ 3,437,235</u> |

CITY OF WENATCHEE, WA
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2008

| | FIREMEN'S PENSION TRUST FUND |
|--------------------------------|---|
| ADDITIONS | |
| Property Taxes | \$ 0 |
| Fire Insurance Premiums | 28,371 |
| Interest Income | 95,252 |
| Total additions | <u>123,623</u> |
| DEDUCTIONS | |
| Retirement Benefits | 146,748 |
| General Administration | 0 |
| Total deductions | <u>146,748</u> |
| Change in net assets | (23,125) |
| NET ASSETS January 1, | <u>3,460,370</u> |
| NET ASSETS December 31, | <u><u>\$ 3,437,245</u></u> |

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**CITY OF WENATCHEE, WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Wenatchee have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described in the following notes.

A. REPORTING ENTITY

The City of Wenatchee (City) was incorporated on December 26, 1892, and operates under the laws of the State of Washington applicable to a Non-Charter Code City with a Mayor/Council form of government. Wenatchee is served by a Mayor and seven part-time Councilors, all elected at large to staggered four-year terms. As required by generally accepted accounting principles, the financial statements present the City of Wenatchee as a primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance a part of a government's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the government.

The City's primary government major operations include police and fire protection; street maintenance and construction; parks and recreation; planning and zoning; water, sewer and storm drain systems; and general administrative functions. The City has no blended component units and just one discretely presented component unit.

Discretely Presented Component Unit

The Greater Wenatchee Regional Events Center Public Facilities District (GWRECPFD) was formed through an interlocal agreement in June 2006 to oversee the construction and operation of an event center facility. Included in the interlocal agreement are the City of Wenatchee, City of Cashmere, City of Chelan, City of East Wenatchee, City of Entiat, The Town of Waterville, Chelan County and Douglas County. Construction of the event center commenced late summer 2007 and was completed in the autumn of 2008. The GWRECPFD also entered into an interlocal agreement with the City of Wenatchee to act as its administrator.

The District is included in the City of Wenatchee's reporting entity as a discretely presented component unit because of the financial accountability relationship. The City also appoints four of the seven-member board and has the ability to impose its will on the Public Facilities District.

Complete separate financial statements for the Greater Wenatchee Regional Events Center Public Facilities District may be obtained at Wenatchee City Hall, P.O. Box 519, Wenatchee, WA.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**1. Government-wide Financial Statements**

The *Statement of Net Assets and Statement of Activities* display information about the City as a whole. These statements report the financial activities of the primary government, except for fiduciary funds. For the most part, the effect of interfund activity has been eliminated to avoid "doubling up" revenues and expenses. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the government is financially accountable.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who

purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each function is self-financing, or draws from the general revenues of the City.

The *Statement of Net Assets* presents the financial condition of the City's governmental and business-type activities at year-end. It reports all financial and capital assets including infrastructure and all liabilities including current and long-term.

2. Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level and include statements for governmental, proprietary, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide statements. In the basic financial statements, the governmental and enterprise fund financial statements focus on major funds. Major individual government and enterprise funds are reported as separate columns in the fund financial statements. Funds are deemed to be "major" if their revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds *and* at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. The City may at its option report any other funds as "major" if officials believe that fund is particularly important to financial statement users, and in the case of the Street Fund we have done so.

The City of Wenatchee reports the following major governmental funds:

- The **general fund** is the City of Wenatchee's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **street fund** accounts for all activities pertaining to street maintenance including street cleaning, maintenance of sidewalks, maintenance of street lighting systems and traffic signal systems and snow plowing. The street fund is accounted for as a special revenue fund.
- The **arterial street fund** accounts for the revenues and expenditures related to the construction and rehabilitation of major streets throughout the City. The arterial street fund is accounted for as a special revenue fund.
- The **event center CERB grant fund** accounted for grant revenues and expenditures that were applied to the construction of an event center by the Greater Wenatchee Regional Events Center Public Facilities District. This fund was accounted for as a special revenue fund.
- The **public works facility construction fund** accounts for revenues and expenditures related to the construction of a new facility that houses the public works, parks and recreation, and community development departments for the City of Wenatchee. This fund was accounted for as a capital projects fund.

The City of Wenatchee reports the following major proprietary funds:

- The **water/sewer fund** accounts for the operation of the water distribution system, and sanitary sewer collection and treatment systems.
- The **storm drain fund** accounts for the expansion and maintenance of the City's storm sewer system.
- The **regional water fund** accounts for the activities surrounding the delivery of water to the City of Wenatchee's water/sewer fund, Chelan County Public Utility District No. 1 and the East Wenatchee Water District. Activities include monitoring and maintaining pumps, wells, transmission lines and chlorination systems.

Additionally, the City reports the following fund types:

- Internal service funds account for fleet operation and maintenance, fleet replacement, facility maintenance, data processing and self insurance services provided to other departments of the City, on a cost reimbursement basis.

- Permanent funds include the *cemetery endowment fund* that accounts for the perpetual care endowment of the City cemetery.
- The *firemen's pension trust fund* accounts for the accumulation of resources and payments of pension benefit payments to qualified retired firemen.

3. Fund Accounting

The City's accounting system is organized on the basis of funds, each of which is considered a separate accounting entity. Each fund presents a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The City's resources are allocated to, and accounted for, in individual funds according to the purpose for which they are spent and how they are controlled. There are three categories of funds: governmental, proprietary and fiduciary.

a. Governmental Funds

All governmental funds are accounted for on a "flow of current financial resources" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements focus on measuring changes in financial position, rather than net income. They present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. In addition to the General Fund, the City reports the following fund types:

- *Special Revenue Funds* account for the proceeds of specific revenue sources to finance specific activities as required by law or administrative regulation. Their revenues are earmarked to finance certain activities or functions.
- *Debt Service Funds* account for resources accumulated and payment made for principal and interest on general government debt including local improvement district (LID) bonds, unlimited tax general obligation (UTGO) bonds that are approved by a vote of the citizens and limited tax general obligation (LTGO) bonds (otherwise known as councilmanic bonds) that are approved by the City Council alone.
- *Capital Project Funds* account for the acquisition or development of capital facilities for governmental activities. The major sources of revenue are proceeds from general obligation bonds, grants, dedicated taxes, and contributions from other funds.
- *Permanent Funds* account for resources that are legally restricted to the extent that only earnings and not the principal may be used for specific purposes that support the City's programs and benefit the City and its citizens.

b. Proprietary Funds

Proprietary funds are accounted for on a flow of economic resources measurement focus. This means that all assets and liabilities, both current and non-current, associated with their activity are included on their balance sheets. Proprietary fund operating statements present increases (revenues and gains) and decreases (expenses and losses) in net total assets. Proprietary funds measurement focus is based upon determination of net income, financial position, and cash flows. The City applies all applicable rules prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

c. Fiduciary Funds

Fiduciary funds are used to report assets held in trust or agency capacity for others and therefore cannot be used to support the government's own programs.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City of Wenatchee considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City considers property taxes as available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available when cash is received by the City of Wenatchee.

Private-sector standards of accounting and financial reporting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City of Wenatchee has elected not to follow subsequent private-sector guidance.

As a general rule the effect of the interfund activity has been eliminated for the government-wide financial statements. Exceptions to this general rule are charges between the City's water/sewer and regional water functions and various functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water/sewer fund, storm drain fund and regional water fund are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

D. BUDGETARY INFORMATION

1. Scope of Budget

Annual appropriated budgets are adopted at the fund level for the general and special revenue funds on the modified accrual basis of accounting. Proprietary funds are also budgeted at a fund level but on a working capital basis. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects.

Encumbrance accounting is employed in all governmental and proprietary funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse and are not reported as reservations of fund balances. Encumbrances that lapse at yearend must be reappropriated during the subsequent fiscal year.

2. Budget Development Process

The City of Wenatchee's budget process is depicted below and is consistent with the requirements of RCW 35A.33. The steps in the budget process are as follows:

- a. In early October, and again in early November, the Mayor and Finance Director submit proposed budgets to the City Council. Each budget version is based on priorities established by the Council and estimates provided by the City departments during the preceding months, and balanced with revenue estimates made by the Director of Finance.
- b. The Council conducts public hearings on the proposed budget in October, November and December.
- c. The Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced budget no later than December 31.
- d. The final operating budget as adopted is published and distributed within the first three months of the following year. Copies of the budget are available to the public.

3. Amending the Budget

With the approval of the Mayor, department directors have limited ability to transfer budgeted amounts between object classes within departments; however, any revisions that alter the total expenditures of a fund or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council.

When the City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by one more than the majority (5 of 7 councilors) after holding a public hearing. During 2008 the budget was amended twice and the budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

4. Excess of Expenditures Over Appropriations

- The Tourism Promotion Fund (a special revenue fund) exceeded its legal appropriation by \$2,753 or 1.6%. The overage was covered with an identical amount of fund revenues.
- The Hotel/Motel Tax – Tourism Fund (a special revenue fund) exceeded its legal appropriation by \$21,823 or 5.6%. The overage was covered with current year revenues.
- The Community Center Operations Fund (a special revenue fund) exceeded its legal appropriation by \$29,623 or 25.8%. The overage was covered with current year revenues and existing fund reserves.

5. Deficit Fund Equity

- The Police Station Bond debt service fund has a deficit fund balance of \$16,939 at December 31, 2008. This is a \$2,446 increase over the December 31, 2007 deficit of \$14,493. The deficit is a result of delinquencies on property tax collections that support debt service payments on the underlying unlimited tax general obligation bonds. The fund balance is expected to become positive through future collections of delinquent property tax payments by the Chelan County Treasurer.
- The Event Center C.E.R.B. Grant Fund (a special revenue fund) has a deficit fund balance of \$983,320 at December 31, 2008. The deficit is the result of the fact that during 2007 and 2008, \$9 million of a \$10 million Community Economic Revitalization Board grant was received for a project, but \$10 million has been expended. The remaining \$1 million of the grant will not be received by the City until the latter part of 2009 or possibly 2010. At that time the \$1,000,000 grant reimbursement will correct the deficit balance.
- The Riverside Drive L.I.D. Fund (a capital projects fund) has a deficit fund balance of \$29,189 at December 31, 2008. The deficit was subsequently corrected in 2009 with a draw on a bond anticipation note that will provide interim financing costs until the local improvement district project is complete and LID bonds are issued in approximately 2010.

- The Orondo Boat Moorage Fund (a capital projects fund) has a deficit fund balance of \$18,936 at December 31, 2008. This project is being financed through a grant from the Washington State Recreation and Conservation Office (RCO). The deficit fund balance results from a grant billing for which reimbursement was not received in time to be recorded as revenue. The reimbursement was instead recorded as deferred revenue.
- The Foothills Trail Fund (a capital projects fund) has a deficit fund balance of \$8,281 at December 31, 2008. This project is being financed through a grant from the Washington State Recreation and Conservation Office (RCO). The deficit fund balance results from a grant billing for which reimbursement was not received in time to be recorded as revenue. We have not recorded this as a deferred revenue as of December 31, 2008, because some costs may not be eligible for reimbursements. If any costs are deemed ineligible the General Fund will cover any remaining deficit.

E. ASSETS, LIABILITIES AND EQUITIES

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposit accounts as well as short-term investments with a maturity date within three months of the date acquired by the City. State statutes authorize the government to invest in obligations of the U.S. Treasury, State Treasurer's Investment Pool, banker's acceptances, or deposits with Washington State banks and savings and loan institutions. It is the City's policy to invest all temporary cash surpluses and the interest on these investments is prorated to the various funds.

The City's deposits are entirely covered by federal depository insurance (FDIC and FSLIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

2. Receivables and Payables

The City of Wenatchee recognizes receivables in its various funds using the appropriate measurement focus and basis of accounting for each fund. The primary types of receivables are as follow:

- **Property Taxes**
The City's annual property tax levy (see Note #5 - Property Taxes) is billed and collected by Chelan County. Taxes collected by the County, but not remitted to the City by year-end, are reported as receivables. Taxes are levied and become a lien on the first day of the calendar year. When property taxes become three years delinquent, the County is required by State statute to foreclose on the property.
- **Accounts Receivable**
Customer account receivable consist of amounts owned by private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered.
- **Special Assessments**
Special assessments are recorded when levied. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. Deferred assessments on the fund financial statements consist of unbilled special assessments that are liens against the property benefited. As of December 31, 2008, special assessments receivable totaled \$47,404, of which \$1,826 was delinquent.

3. Amounts Due to and from Other Funds, Interfund Loans and Advances/Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund loans receivable/payable" or "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". A separate schedule of interfund loans receivable and payable is furnished in Note #13 – Interfund Balances and Transfers.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

4. Amounts Due to and from Other Governments

These receivables and payables reflect measurable and available intergovernmental charges for services rendered by, or to, the City for, or by, another governmental unit. Amounts due from other governments are primarily related to tax collections that are remitted after year-end and grant reimbursements related to capital projects.

5. Inventories and Prepaid Items

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories in proprietary funds are valued using the weighted average method.

6. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The restricted assets for debt service are resources set aside to subsidize potential deficiencies from the enterprise fund's operation that could adversely affect debt service payments and assets set aside according to the bond covenants for the next debt service payment.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the fund financial statements, these assets are accounted for and reported based on the measurement focus of the fund. In other words, in the governmental funds, acquired capital assets are accounted for as expenditures when the asset is purchased. In the proprietary funds, the expense is capitalized and the current year's depreciation is reported as the expense.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The cost of normal maintenance and repairs is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Property, plant and equipment of the City are depreciated using the straight-line method and reported in the government-wide statements and proprietary funds using the following estimated useful lives:

| | |
|------------------------------|--------------|
| Buildings | 40-50 years |
| Building Improvements | 40-50 years |
| Public domain infrastructure | 50-100 years |
| System infrastructure | 25-50 years |
| Equipment | 4-45 years |

8. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. All vacation and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

It is the City's policy to permit employees to accumulate earned but unused vacation leave up to a maximum of 400 hours, but at the point of termination will allow a cash-out of no more than 240 hours. Sick leave accumulation is unlimited and is payable at the point of termination at a rate of 25% up to a maximum of 240 hours. The cash-out of sick leave is offered to only those employees that voluntarily terminate service to the City after at least five-years of service.

9. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Deferred Revenues

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria has not been met.

11. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Both reservations and designations reflect a portion of fund balance that is not subject to budget appropriation.

The General Fund and Cemetery Fund each report a \$5,000 reservation of cash that is related to donations that may be expended only toward a specific purpose stated by the donor. The General Fund also reports a \$38,529 designation including advance travel cash of \$10,000, IRS Section #125 cash of \$20,000, petty cash of \$7,950 and a \$579 held for a future swimming pool construction project.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government - wide statement of net assets. The governmental funds report current assets and liabilities while the net assets - governmental reflect long term assets and liabilities. Below is a detailed explanation of the long term reconciling items:

1. Capital assets are not reported in governmental funds. The adjustment for capital assets is added to the governmental fund balances:

| | |
|--|----------------------|
| Value of governmental assets | \$ 67,058,967 |
| Less accumulated depreciation | <u>(8,677,455)</u> |
| Adjustment for governmental fixed assets | <u>\$ 58,381,512</u> |

2. Long term liabilities are not reported in governmental funds. The adjustment for long term liabilities is deducted from governmental fund balance:

| | |
|--------------------------------------|--------------------------------|
| Councilmanic Bonds Payable | \$ (11,676,750) |
| UTGO Bonds Payable | (3,520,000) |
| LID Bonds Payable | (53,711) |
| Unamortized Debt issue items | 89,751 |
| Employee Leave Benefits | (1,436,664) |
| Adjustment for long term liabilities | <u><u>\$ (16,597,374)</u></u> |

3. Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. The detail of this difference is listed below:

| | |
|---------------------------------|----------------------------|
| Deferred Revenue | \$ 1,093,673 |
| Net Pension Assets | <u>157,270</u> |
| Adjustment for deferred revenue | <u><u>\$ 1,250,943</u></u> |

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balance and the government - wide statement of activities.

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government - wide statement of activities. The governmental funds report revenue and expenditures on the modified accrual bases while the statement of activities reports on the full accrual bases. The following reconciling items adjust to the full accrual basis:

1. The governmental funds expense capital outlay, do not recognized depreciation and recognize the gross receipts for the sale of property as revenue. The adjustment for this is added to governmental fund balances:

| | |
|-------------------------------|----------------------------|
| Capital outlay | \$ 7,903,957 |
| Less depreciation expense | (790,004) |
| Cost of assets sold | (2,380,769) |
| Capital outlay expensed | <u>(1,347,970)</u> |
| Adjustment for capital outlay | <u><u>\$ 3,385,214</u></u> |

2. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets:

| | |
|----------------------------------|------------------------------|
| Debt Proceeds (net of expenses) | \$(2,946,840) |
| Debt Retired | <u>893,631</u> |
| Adjustment for debt transactions | <u><u>\$ (2,053,209)</u></u> |

3. Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.

| | |
|--|--------------------------|
| Property Taxes | \$ 63,696 |
| Rehab Loans Receivable | 207,000 |
| Revenues related to Net Pension Obligation | 157,270 |
| Miscellaneous Account Receivable | <u>30,452</u> |
| Adjustment for revenues | <u><u>\$ 458,418</u></u> |

NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits:

As of December 31, 2008 the carrying amount of the City's cash balances was \$12,861,715 which consisted of \$12,318,949 in bank deposits and petty cash, and \$542,766 retained in escrow that will be

released in the future pending the successful completion of related construction projects. No deposits were uninsured or uncollateralized.

Insurance coverage up to \$100,000 is provided through the Federal Deposit Insurance Corporation (FDIC) and the Washington Public Deposit Protection Commission (WPDPC), a multiple-financial institution collateral pool, may be assessed losses on a prorated basis if the pool's collateral provides insufficient coverage. Deposits collateralized in the multiple-institution collateral pool are considered insured, and therefore not exposed to custodial credit risk.

Investments:

As of December 31, 2008 the City had a total of \$10,386,475 in investments, all of which was invested in the Washington State Investment Pool. A credit rating for the investment pool is unavailable.

Custodial risk is the risk that in event of failure of the counterparty to an investment transaction the City would not be able to recover the value of the investment or collateral securities. Of the City's total position of \$10,386,475 in the Washington State Investment Pool, nothing is exposed to custodial credit risk.

There was no net increase or decrease in the fair value of investments during 2008 because the City's only investments on hand on 1/1/2008 and 12/31/2008 were in the State Investment Pool.

NOTE 5. PROPERTY TAXES

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property Tax Calendar

| | |
|-------------|--|
| January 1 | Taxes are levied and become an enforceable lien against properties. |
| February 14 | Tax bills are mailed. |
| April 30 | First of two equal installments is due. |
| May 31 | Assessed value of property established for next year's levy at 100% of market value. |
| October 31 | Second installment is due. |

Property taxes are recorded as a receivable and revenue when levied. Property taxes collected in advance of the fiscal year to which they apply are recorded as deferred revenue and recognized as revenue of the period to which they apply. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The City may levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services, however, that amount is reduced to \$3.10 as a result of a \$.50 per \$1,000 levy assessed by the North Central Regional Library.

The City's regular levy for 2008 was \$2.70205 per \$1,000 on an assessed valuation of \$1,894,796,901 for a total levy of \$5,119,836.

In addition to the regular levy, the City has a bond levy that was approved by the voters in September 2001 for the construction of a police station. The 2008 levy was \$.19453 per \$1,000 on an assessed valuation of \$1,866,856,148 for a total levy of \$363,160.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|--------------|----------------|-------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 6,659,785 | \$ 1,850 | \$ (597,783) | \$ 6,063,852 |
| Construction in progress | 2,442,893 | 561,739 | (2,300,472) | 704,160 |
| Total capital assets not being depreciated | 9,102,678 | 563,589 | (2,898,255) | 6,768,012 |
| Capital assets being depreciated: | | | | |
| Buildings | 23,026,937 | 6,844,925 | (2,756,619) | 27,115,243 |
| Improvements other than buildings | 2,042,367 | 154,833 | 0 | 2,197,200 |
| Machinery and equipment | 7,807,583 | 1,562,563 | (347,062) | 9,023,084 |
| Infrastructure | 29,283,831 | 649,621 | 0 | 29,933,452 |
| Total capital assets being depreciated | 62,160,718 | 9,211,942 | (3,103,681) | 68,268,979 |
| Less accumulated depreciation for: | | | | |
| Buildings | 5,618,494 | 394,637 | (973,737) | 5,039,394 |
| Improvements other than buildings | 538,932 | 81,610 | 0 | 620,542 |
| Machinery and equipment | 4,753,694 | 439,122 | (373,349) | 4,819,467 |
| Infrastructure | 2,347,660 | 292,839 | 0 | 2,640,499 |
| Total accumulated depreciation | 13,258,780 | 1,208,208 | (1,347,086) | 13,119,902 |
| Total capital assets being depreciated, net | 48,901,938 | 8,003,734 | (1,756,595) | 55,149,077 |
| Governmental activities capital assets, net | \$ 58,004,616 | \$ 8,567,323 | \$ (4,654,850) | \$ 61,917,089 |

Depreciation expense was charged to function/programs of the City of Wenatchee as follows:

| | |
|----------------------------|---------|
| General government | 9,515 |
| Public Safety | 150,382 |
| Transportation | 3,412 |
| Culture and recreation | 333,858 |
| Infrastructure | 292,838 |
| Total depreciation expense | 790,005 |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------|----------------|-------------------|
| Business-Type Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,149,340 | \$ 242,015 | \$ 0 | \$ 1,391,355 |
| Construction in progress | 2,728,264 | 643,869 | (2,665,126) | 707,007 |
| Total capital assets not being depreciated | 3,877,604 | 885,884 | (2,665,126) | 2,098,362 |
| Capital assets being depreciated: | | | | |
| Buildings | 67,727,051 | 7,053,197 | 0 | 74,780,248 |
| Improvements other than buildings | 0 | 0 | 0 | 0 |
| Machinery and equipment | 2,034,187 | 1,407,110 | 0 | 3,441,297 |
| Infrastructure | 0 | 0 | 0 | 0 |
| Total capital assets being depreciated | 69,761,238 | 8,460,307 | 0 | 78,221,545 |
| Less accumulated depreciation for: | | | | |
| Buildings | 24,115,873 | 1,426,900 | 0 | 25,542,773 |
| Improvements other than buildings | 0 | 0 | 0 | 0 |
| Machinery and equipment | 808,683 | 332,550 | 0 | 1,141,233 |
| Infrastructure | 0 | 0 | 0 | 0 |
| Total accumulated depreciation | 24,924,556 | 1,759,450 | 0 | 26,684,006 |
| Total capital assets being depreciated, net | 44,836,682 | 6,700,857 | 0 | 51,537,539 |
| Business-type activities capital assets, net | \$ 48,714,286 | \$ 7,586,741 | \$ (2,665,126) | \$ 53,635,901 |

Depreciation was charged against business-type activities as follows:

| | |
|--|-----------|
| Water/Sewer | 1,415,884 |
| Storm Drain | 125,493 |
| Regional Water | 212,100 |
| Cemetery | 5,972 |
| Total depreciation expense business activities | 1,759,449 |

NOTE 7. PENSION PLANS

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98504-8380

The following disclosures are made pursuant to GASB Statement #27, *Accounting for Pensions by State and Local Government Employers* and #50, *Pension Disclosures, an Amendment of GASB Statements #25 and #27*.

Public Employees' Retirement System (PERS) Plans 1, 2 and 3

Plan Description

PERS is a cost-sharing multiple employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at age 60 with five years of service, or at the age of 55 with 25 years of service. The annual pension benefit is 2 percent of the average final compensation (AFC) per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at one percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or at age 55 with 10 years of service. Plan 3 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2007:

| | |
|--|----------------|
| Retirees and Beneficiaries Receiving Benefits | 71,244 |
| Terminated Plan Members Entitled To But Not Yet Receiving Benefits | 26,583 |
| Active Plan Members Vested | 105,447 |
| Active Plan Members Nonvested | 52,575 |
| Total | <u>255,849</u> |

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2008, were as follows:

| | PERS Plan 1 | PERS Plan 2 | PERS Plan 3 |
|-----------|-------------|-------------|-------------|
| Employer* | 8.31% | 8.31% | 8.31%*** |
| Employee | 6.00%**** | 5.45%**** | ***** |

* The employer rates include the employer administrative expense fee currently set at 0.16%.

** The employer rate for state elected officials is 12.39% for Plan 1 and 8.31% for Plans 2 and 3..

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 5.45% for Plan 2.

***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both the City and the employees made the required contributions. The City's required contributions for the years ended December 31, were:

| | PERS Plan 1 | PERS Plan 2 | PERS Plan 3 |
|------|-------------|-------------|-------------|
| 2008 | \$31,064 | \$419,680 | \$38,718 |
| 2007 | \$35,703 | \$304,764 | \$26,140 |
| 2006 | \$25,245 | \$146,738 | \$11,225 |

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans 1 and 2

Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Membership in the system includes all full-time, fully compensated, local law enforcement officers, firefighters and, as of July 24, 2005, those

emergency medical technicians who were given the option to chose LEOFF Plan 2 membership. LEOFF membership is comprised primarily of non-state employees, with the Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003 being an exception. Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended by the State Legislature.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

| Term of Service | Percent of Final Average |
|---------------------------|--------------------------|
| 20 or more years | 2.0% |
| 10 but less than 20 years | 1.5% |
| 5 but less than 10 years | 1.0% |

The final average salary is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. There is no cap on years of service credit; and a cost-of living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2007:

| | |
|--|--------|
| Retirees and Beneficiaries Receiving Benefits | 9,085 |
| Terminated Plan Members Entitled To But Not Yet Receiving Benefits | 633 |
| Active Plan Members Vested | 12,904 |
| Active Plan Members Nonvested | 3,708 |
| Total | 26,330 |

Funding Policy

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law. The Legislature by means of a special funding arrangement appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2008, were as follows:

| | LEOFF Plan 1 | LEOFF Plan 2 |
|-----------|--------------|--------------|
| Employer* | 0.16% | 5.46%** |
| Employee | 0.00% | 8.83% |
| State | n/a | 3.53% |

* The employer rates include the employer administrative expense fee currently set at 0.16%.

** The employer rate for ports and universities is 8.99%.

Both the City and the employees made the required contributions. The City's required contributions for the years ended December 31, were as follows:

| | LEOFF Plan 1 | LEOFF Plan 2 |
|------|--------------|--------------|
| 2008 | \$418 | \$283,225 |
| 2007 | \$641 | \$249,369 |
| 2006 | \$672 | \$206,741 |

Firemen's Pension

The City administers a single employer defined benefit pension plan called the Firemen's Pension Fund. This fund was established by the City in compliance with requirements of the Revised Code of Washington 41.18 and 41.20. The plan is limited to firefighters and their beneficiaries for individuals employed before March 1, 1970, the effective date of LEOFF. The LEOFF laws were subsequently amended by the Pension Reform Act, which took effect October 1, 1977. Through the LEOFF Act, the State undertook to provide the bulk of fire pensions; however the municipalities continue to be responsible for all or part of pension benefits for employees hired prior to March 1, 1970, as discussed later. The plan is a closed plan that provides pension benefits, some of which can be in excess of LEOFF benefits.

As of December 31, 2008, there were a total of 26 retirees or beneficiaries eligible for retirement benefits. Of these 26, the State of Washington pays 6, the City pays 4, and both the City and State share the cost of the remaining 16.

Benefit Provisions

The LEOFF Act requires a varying obligation of the City for benefits paid to firefighters and police officers including:

- Pension expenses for firefighters and medical expenses for firefighters and police officers hired prior to March 1, 1970, continue to be paid entirely by the City under the old pension laws.
- Firefighters hired before, but not retired on March 1, 1970 received at retirement the greater of the pension benefit provided under the old pension laws and under the LEOFF Act. Any excess of the old benefit over the LEOFF benefit is provided by the City. The City also pays the reasonable cost of necessary medical expenses of the retiree for life.
- For firefighters and police officers hired on or after March 1, 1970 and prior to October 1, 1977, the City is obligated for lifetime medical expenses only. The LEOFF system pays the entire retirement allowance.
- Firefighters and police officers hired on or after October 1, 1977 are covered entirely by the LEOFF system with no obligation for either retirement allowance or medical expenses.

There were no changes in benefit provisions in the current year.

Summary of Significant Accounting Policies

The Firemen's Pension system is reported as a trust fund in the financial statements of the City. The financial statements are prepared using the accrual basis of accounting where revenues are recorded

when earned and expenses are recorded at the time liabilities are incurred. The City follows GASB Statement No. 25 "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures" and GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers."

As of December 31, 2008, the Firemen's Pension Fund had an investment portfolio of \$3,437,235 that was composed of \$522,352 in bank deposits and \$2,914,883 held in the Washington State Treasurer Local Government Investment Pool (the State Investment Pool). The State Investment Pool is a Rule 2a-7 money market type fund with an average portfolio maturity of less than 91 days. Therefore, this portion of the Firemen's Pension fund is valued at cost. Investments are reported at fair value.

The City does not hold an investment in any one corporation or organization exceeding 5% of net assets available for benefits. Additionally, the City does not have any long-term contract for contributions and any amounts outstanding at the report date.

Contributions and Reserves

Funding for the Firemen's Pension Fund has historically come from property taxes diverted from the General Fund and distributions from the State from fire insurance premium collections. Milliman, Inc. completed an actuarial study of the fund as of January 1, 2008. The General Fund is responsible for the costs of administering the plan. Obligations for medical expenses are funded primarily through group insurance. There have been no required employee contributions to the plans since March 1, 1970. As of December 31, 2008, the Firemen's Pension Fund reported net assets reserved for payment of future claims of \$3,437,235.

Annual Pension Cost and Net Pension Obligation

| | |
|---|---------------------|
| Amortization of Unfunded Actuarial Accrued Liability (UAAL) | \$ (122,761) |
| Interest to December 31, 2008 | (6,138) |
| Annual Required Contribution (ARC) at December 31, 2008 | (128,899) |
| Interest on Net Pension Obligation (NPO) | 0 |
| Adjustment to Annual Required Contribution (ARC) | 0 |
| Annual Pension Cost (APC) | (128,899) |
| Employer Contributions | 28,371 |
| Change in Net Pension Obligation (NPO) | (157,270) |
| Net Pension Obligation (NPO) at January 1, 2008 | 0 |
| Net Pension Obligation (NPO) at December 31, 2008 | <u>\$ (157,270)</u> |

Trend Information

| Fiscal Year Ended | Annual OPEB Cost | Employer Contributions | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|------------------------|--|---------------------|
| December 31, 2008 | \$ (128,899) | \$ 28,371 | -22.01% | \$ (157,270) |

As an actuarial evaluation establishing the NPO was first established effective 1/1/2008, three year trend information is not yet available. The City will present the necessary information in subsequent as trend data is collected.

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Additional trend information is presented as required supplementary information in Part 6 of this Annual Financial Report.

Actuarial Assumptions

The actuarial assumptions used in the January 1, 2008 pension actuarial valuation includes techniques that are designed to estimate the future experience of the members, reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Assumptions were as follow:

| | |
|-------------------------------|---------------------------------------|
| Valuation Date | January 1, 2008 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | 20-year, closed as of January 1, 2008 |
| Remaining amortization period | 19 |
| Asset valuation method | Fair value |
| Actuarial assumptions | |
| Investment rate of return | 5.0% |
| Projected salary increases | 4.0% |
| Inflation | 3.0% |
| Cost-of-living adjustments | Varies* |

- * Under the Firemen's Pension funds requirement of State law, most adjustments are based on the change in salary for the rank of the members held at retirement based on the Consumer Price Index. Adjustments are determined in accordance with RCW 41.18.150, RCW 41.20 and RCW 41.26.

Separate financial statements are not issued for the police and fire pension plan. The statement of net assets and the statement of changes in fiduciary net assets for the firemen's pension fund is disclosed below:

CITY OF WENATCHEE, WA
Statement of Net Assets
Firemen's Pension Fund
December 31, 2008

ASSETS

| | |
|-------------------------|------------------|
| Cash | \$ 3,437,235 |
| Investments | 0 |
| Receivables: | |
| Taxes | 0 |
| Accounts | 0 |
| Interest on Investments | 0 |
| Intergovernmental | 0 |
| TOTAL ASSETS | 3,437,235 |

LIABILITIES

| | |
|--------------------------|----------|
| Accounts Payable | 0 |
| Deferred Revenues | 0 |
| TOTAL LIABILITIES | 0 |

NET ASSETS

| | |
|----------------------|---------------------|
| Assets held in trust | \$ 3,437,235 |
|----------------------|---------------------|

CITY OF WENATCHEE, WA
Statement of Changes in Net Assets
Firemen's Pension Fund
For the Year Ended December 31, 2008

ADDITIONS

| | |
|-------------------------|----------------|
| Property Taxes | \$ 0 |
| Fire Insurance Premiums | 28,371 |
| Interest Income | 95,252 |
| Total additions | 123,623 |

DEDUCTIONS

| | |
|-------------------------|----------------|
| Retirement Benefits | 146,748 |
| General Administration | 0 |
| Total deductions | 146,748 |

Change in net assets (23,125)

| | |
|--------------------------------|---------------------|
| NET ASSETS January 1, | 3,460,370 |
| NET ASSETS December 31, | \$ 3,437,245 |

NOTE 8. RISK MANAGEMENT**Property & Casualty Coverage:**

The City of Wenatchee is exposed to risks of loss related to a number of sources including tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City protects itself against potential loss by employing a two-tier risk management approach. First, the City shares risk of losses through membership in the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Second, the City reserves the right to utilize the provisions

of RCW 35A.31.060-070 to fund catastrophic or uninsured losses. This State statute allows cities to levy a non-voted property tax increase to pay for uninsured claims.

Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989 when 32 municipalities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Currently, 86 municipalities/entities participate in the RMSA Pool (as of December 31, 2008). The City of Wenatchee joined the AWC RMSA May 1, 1993.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages are on an occurrence basis. The City has elected to retain a \$25,000 indemnity deductible on all liability coverages. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials' liability, employee fidelity and faithful performance, and boiler and machinery insurance coverage. Boiler and machinery is included with the property reinsurance carrier and employee fidelity coverage is a stand-alone policy that the AWC RMSA arranges for its members. The AWC RMSA also allows members to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. AWC RMSA, itself, pays out of its own funds all claims up to \$400,000 for liability and \$50,000 for property, and thereafter purchases excess liability insurance through ACE Insurance Company up to \$1 million, and CV Starr from \$1 million to \$5 million, with an additional \$5 million available for an additional cost, for a total of \$10 million of coverage. The City of Wenatchee has opted for the \$10 million coverage. The excess property coverage is purchased through Affiliated, using the Pool's broker, Arthur J. Gallagher Risk Management Services. Since the AWC RMSA is a cooperative program, the members of the AWC RMSA are jointly liable. There has been no significant reduction in insurance coverage from the previous year in any risk category.

Members contract to remain in the pool a minimum of three years and must give one-year notice before terminating participation. The Interlocal Government Agreement is renewed automatically each year. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement. The Pool is governed by a board of directors serving ex-officio as the AWC Board of Directors.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The City has also established a liability for outstanding property/casualty claims as of December 31, 2008. The specific financial of the AWC RMSA can be seen in the Annual Report on file in the Finance Department of the City of Wenatchee.

Claims Payable and Settlements:

The Self-Insurance Fund is used for collecting interfund premiums from insured funds and departments, and for paying claims settlements. Interfund premiums are assessed on the basis of claims history, number of employees, and value of assets. Claims settlements and loss expenses are accrued in the estimated settlement value of both reported and unreported claims. No settlements have exceeded insurance coverage in any of the past three years.

As of December 31, 2008, the City had accrued the following amounts for outstanding claims:

| | Incurred/ Reported | Incurred but not Reported | Total Claims Payable |
|-------|-----------------------|------------------------------|-------------------------|
| Total | \$ 106,838 | \$ 100,000 | \$ 206,838 |

The following schedule presents changes in claims liabilities for 2008:

| | Property & Casualty | |
|--|---------------------|------------|
| | 2008 | 2007 |
| Claims liabilities, January 1 | \$ 137,921 | \$ 108,946 |
| Claims and operating expenses: | | |
| Incurred during current year | 780,396 | 737,926 |
| Changes in estimate of claims from prior periods | 0 | 0 |
| Paid | (711,479) | (708,951) |
| Claims liabilities, December 31 | \$ 206,838 | \$ 137,921 |

NOTE 9. SHORT-TERM DEBT

The City had no short-term debt as of December 31, 2008.

NOTE 10. LONG-TERM DEBT

The City's long-term debt consists primarily of general obligation bonds, revenue bonds and loans, local improvement district bonds and accrued employee leave benefits related to vacation and sick leave. The City's long-term debt is accounted for in five areas:

1) General Obligations Bonds

- **Limited Tax General Obligation (LTGO) Bonds** – Consist of four issues of non-voted general obligation bonds. Each of these issues represents a direct obligation of the City and the full faith and credit of the City has been irrevocably pledged to satisfy related debt service requirements. The LTGO issues currently outstanding are:
 - Bonds issued in 1998 for the purpose of completing overlays over roughly 40 miles of City streets.
 - Bonds issued in 2007 for the purpose of financing a portion of the construction cost of a public works building, renovating a portion of the city hall building, and renovating a portion of the convention center facility.
 - Bonds issued in 2007 to refund bonds initially issued in 1997 for the purpose of renovating the convention center. The refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding was undertaken to reduce total debt service payments over the next fourteen years \$276,466 for a net present value savings of \$214,274.
 - Bond anticipation notes (BANs) issued in 2008 to complete a public service building.
- **Unlimited Tax General Obligation (UTGO) Bonds** – Consist of one issue of voter approved general obligation bonds that were issued in 2001 for the construction of a new police station. The bonds are a direct obligation of the City and the full faith and credit of the government has been irrevocably pledged to satisfy related debt service requirements. For as long as the bonds are outstanding, the City irrevocably pledges to levy taxes annually without limitation as to rate or amount on all taxable property within the City in an amount sufficient, together with other money legally available and to be used therefore, to pay the principal of and interest on the Bonds when due.

2) Loan Guarantees

In 2002, Chelan County issued \$2,560,000 in LTGO Bonds, to be used for the design, construction and equipping of a 911 call center to be known as Rivercom. Rivercom is a multi-jurisdictional public safety answering point that was formed through an Interlocal Cooperative Agreement that includes

four partners: Chelan County, Douglas County, the City of Wenatchee, and the City of East Wenatchee. Prior to the issuance of the bonds, each of the partners signed a Financing Agreement that commits each party to be a guarantor of up to twenty-five percent (25%) of the principal amount of the bonds. The City initial share of the guaranty was \$640,000, but after subsequent debt service payments has been reduced to \$510,000 as of December 31, 2008.

3) Revenue Bonds and Loans

- Revenue Bonds – Four separate series of revenue bonds are currently outstanding and were issued to finance water, sewer, storm drain and regional water system construction projects. The bonds are being repaid by operating revenues of the individual proprietary funds that benefited from the related capital assets.
- Washington Department of Ecology – State Revolving Fund (SRF) Loan – The City was the recipient of a low interest loan (1.5% over 20 years) from the State Department of Ecology in 2007 whose proceeds were used for an upgrade of a wastewater treatment plant that is part of the City's Water/Sewer enterprise fund. The loan will be repaid by future operating revenues of the fund.

4) Special Assessment or Local Improvement District (LID) Bonds have been issued to finance construction projects for sewers, sidewalks, etc. that have been requested by citizens and benefit specific locations within our community. These bonds are repaid with the proceeds of annual billings assessed against the property owners that benefited from the improvements. In the event of nonpayment of assessments the City of Wenatchee is obligated to make the payment of principal and interest of the Special Assessment Bonds and would do so to the extent funds are available in the LID Guaranty Fund and through the receipt of proceeds from the foreclosure and sale of property upon which the delinquency occurred. At December 31, 2008 the LID Guaranty Fund had an unreserved fund balance of \$84,612.

5) Employee leave benefits (otherwise known as compensated absences) that account for the underlying liability related to the accumulation of accrued vacation and sick leave.

As a part of the bond issuance process, for each bond issued since 1997 the City has met with representatives of Moody's and Standard and Poor's in order to make rating presentations and ultimately receive a rating. These ratings are periodically reviewed and updated by each rating agency. A summary of the ratings the City currently carries on each of the bond issue types (UTGO, LTGO and Revenue) follows:

| <u>Bond Type</u> | <u>Moody's</u> | <u>Standard & Poor's</u> |
|------------------|----------------|----------------------------------|
| Revenue Bonds | A3 | AA- |
| UTGO Bonds | A2 | A |
| LTGO Bonds | A3 | A |

The following table depicts debt outstanding as of December 31, 2008:

| Item | Interest Rates | Maturity | Authorized | Outstanding 1/1/2008 | Additions | Reductions | Outstanding 12/31/2008 |
|---|----------------|-----------|----------------------|----------------------|---------------------|---------------------|------------------------|
| General Obligation Bonds: | | | | | | | |
| 1993 L.T.G.O. | 3.25-5.75% | 12/1/2008 | 800,000 | 75,000 | 0 | 70,000 | 5,000 |
| 1998 L.T.G.O. | 3.85-5.05% | 12/1/2014 | 4,085,000 | 2,150,000 | 0 | 265,000 | 1,885,000 |
| 2007 L.T.G.O. | 4.00-4.30% | 12/1/2027 | 4,045,000 | 4,045,000 | 0 | 145,000 | 3,900,000 |
| 2007 L.T.G.O. | 4.15% | 12/1/2021 | 2,560,000 | 2,560,000 | 0 | 145,000 | 2,415,000 |
| 2008 L.T.G.O. B.A.N | 5% of prime | 12/9/2011 | 3,100,000 | 0 | 2,961,750 | 0 | 2,961,750 |
| 2001 U.T.G.O. | 2.10-4.90% | 12/1/2021 | 4,800,000 | 3,720,000 | 0 | 200,000 | 3,520,000 |
| Total General Obligation Bonds | | | \$ 19,390,000 | \$ 12,550,000 | \$ 2,961,750 | \$ 825,000 | \$ 14,686,750 |
| Loan Guarantee | | | | | | | |
| Chelan County/River | 1.80-4.90% | 12/1/2022 | \$ 640,000 | \$ 537,500 | \$ 0 | \$ 27,500 | \$ 510,000 |
| Revenue Bonds and Loans: | | | | | | | |
| 1998 Water/Sew er | 3.90-5.05% | 12/1/2013 | 2,720,000 | 2,170,000 | 0 | 90,000 | 2,080,000 |
| 1998 Storm Drain | 3.90-5.05% | 12/1/2013 | 3,190,000 | 2,110,000 | 0 | 150,000 | 1,960,000 |
| 2004 Water/Sew er | 2.50-3.50% | 12/1/2011 | 8,205,000 | 3,520,000 | 0 | 840,000 | 2,680,000 |
| 2007 SRF Loan | 1.50% | 7/30/2026 | 7,391,665 | 7,245,709 | 0 | 332,102 | 6,913,607 |
| 2007 Water/Sew er | 4.00-4.30% | 12/1/2027 | 5,225,000 | 5,225,000 | 0 | 170,000 | 5,055,000 |
| Total Revenue Bonds | | | \$ 26,731,665 | \$ 20,270,709 | \$ 0 | \$ 1,582,102 | \$ 18,688,607 |
| LID Bonds | | | | | | | |
| 314/316 | 6.30-7.50% | 9/15/2008 | 1,122,294 | 40,000 | 0 | 15,000 | 25,000 |
| 324 | 4.22% | 6/1/2016 | 103,711 | 48,711 | 0 | 20,000 | 28,711 |
| Total LID Bonds | | | \$ 1,226,005 | \$ 88,711 | \$ 0 | \$ 35,000 | \$ 53,711 |
| Employee Leave Benefit Obligations (Compensated Absences): | | | | | | | |
| Governmental Funds (governmental activities) | | | | \$ 1,401,601 | \$ 35,062 | \$ 0 | \$ 1,436,663 |
| Internal Service Funds (governmental activities) | | | | 65,177 | 16,263 | 0 | 81,440 |
| Enterprise Funds (business-type activities) | | | | 211,339 | 25,093 | 0 | 236,432 |
| Total Employee Leave Benefits | | | | \$ 1,678,117 | \$ 76,418 | \$ 0 | \$ 1,754,535 |

Annual debt service requirements to maturity for governmental activity bonds are as follows:

| Year Ending December 31 | General Obligation Bonds | | Loan Guaranty | | Special Assessment Bonds | |
|-------------------------|--------------------------|---------------------|-------------------|-------------------|--------------------------|-----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2009 | 785,000 | 586,917 | 27,500 | 22,004 | 29,305 | 3,112 |
| 2010 | 815,000 | 563,673 | 28,750 | 21,076 | 4,486 | 1,030 |
| 2011 | 3,816,750 | 528,975 | 30,000 | 20,041 | 4,676 | 841 |
| 2012 | 895,000 | 403,247 | 31,250 | 18,931 | 4,873 | 643 |
| 2013 | 930,000 | 364,281 | 32,500 | 17,743 | 5,079 | 438 |
| 2014-2018 | 3,740,000 | 1,271,990 | 182,500 | 67,396 | 5,292 | 223 |
| 2019-2023 | 2,855,000 | 481,515 | 177,500 | 21,932 | 0 | 0 |
| 2024-2028 | 850,000 | 92,895 | 0 | 0 | 0 | 0 |
| | \$ 14,686,750 | \$ 4,293,493 | \$ 510,000 | \$ 189,123 | \$ 53,711 | \$ 6,287 |

Annual debt service requirements to maturity for business-type activity bonds are as follows:

| Year Ending December 31 | Revenue Bonds | | State Revolving Fund Loan | |
|----------------------------|---------------|--------------|---------------------------|--------------|
| | Principal | Interest | Principal | Interest |
| 2009 | 1,295,000 | 498,565 | 337,118.00 | 102,765.00 |
| 2010 | 1,350,000 | 453,664 | 342,209.00 | 97,674.00 |
| 2011 | 1,390,000 | 404,257 | 347,378.00 | 92,505.00 |
| 2012 | 495,000 | 350,851 | 352,625.00 | 87,258.00 |
| 2013 | 520,000 | 328,151 | 357,950.00 | 81,933.00 |
| 2014-2018 | 2,975,000 | 1,256,360 | 1,872,500.00 | 326,915.00 |
| 2019-2023 | 2,340,000 | 628,575 | 2,018,242.00 | 181,173.00 |
| 2024-2028 | 1,410,000 | 154,470 | 1,285,585.00 | 34,064.00 |
| | \$ 11,775,000 | \$ 4,074,893 | \$ 6,913,607 | \$ 1,004,287 |

Changes in Long-Term Liabilities

During the year ended December 31, 2008, the following changes in long-term liabilities occurred:

| | Outstanding 1/1/2008 | Additions | Reductions | Outstanding 12/31/2008 | Due Within One Year |
|---------------------------------------|-------------------------|-----------|------------|---------------------------|------------------------|
| Governmental Activities | | | | | |
| Bonds Payable | | | | | |
| U.T.G.O. bonds | 3,720,000 | 0 | 200,000 | 3,520,000 | 210,000 |
| L.T.G.O. bonds | 8,830,000 | 2,961,750 | 625,000 | 11,166,750 | 575,000 |
| Special assessment debt | 88,711 | 0 | 35,000 | 53,711 | 29,305 |
| Total bonds payable | 12,638,711 | 2,961,750 | 860,000 | 14,740,461 | 814,305 |
| Net OPEB obligation | 0 | 231,468 | 0 | 231,468 | 0 |
| Compensated absences | 1,466,778 | 51,325 | 0 | 1,518,103 | 0 |
| Loan guarantee | 537,500 | 0 | 27,500 | 510,000 | 27,500 |
| Government activity long-term debt | 14,642,989 | 3,244,543 | 887,500 | 17,000,032 | 841,805 |
| Business-Type Activities | | | | | |
| Bonds and Loans Payable | | | | | |
| Revenue bonds | 13,025,000 | 0 | 1,250,000 | 11,775,000 | 1,250,000 |
| SRF Loan | 7,245,709 | 0 | 332,102 | 6,913,607 | 332,102 |
| Total bonds and loans payable | 20,270,709 | 0 | 1,582,102 | 18,688,607 | 1,582,102 |
| Compensated absences | 211,339 | 25,093 | 0 | 236,432 | 0 |
| Business-type activity long-term debt | 20,482,048 | 25,093 | 1,582,102 | 18,925,039 | 1,582,102 |
| Total Governmental and Business-Type | 35,125,037 | 3,269,636 | 2,469,602 | 35,925,071 | 2,423,907 |

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$81,440 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated from by the general fund.

Debt Limit Capacities for General Obligation Bonds

State law provides that debt cannot be incurred in excess of the following percentages of the value of the taxable property of the City:

- A total of 2.5% for General Purpose allocated between
 - Up to 1.5% without a public vote (councilmanic bonds).
 - Up to 1.0% with a public vote.
- A total of 2.5% for utility purposes with a public vote.
- A total of 2.5% for open space, park and capital facilities with a public vote.

At December 31, 2008, the debt limits for the City were as follows:

| | 2.5% General Purpose | | With a Public Vote | | Total |
|---|--------------------------------|-----------------------------|--------------------------|---|--------------------|
| | Without a Public Vote 1.50% | With a Public Vote 1.00% | Utility Purpose 2.50% | Open Space, Park, and Capital Facilities 2.50% | |
| Legal Limit* | 29,273,873 | 19,515,916 | 48,789,789 | 48,789,789 | 146,369,367 |
| Outstanding Indebtedness | (11,671,750) | (3,520,000) | 0 | 0 | (15,191,750) |
| Margin Available | <u>17,602,123</u> | <u>15,995,916</u> | <u>48,789,789</u> | <u>48,789,789</u> | <u>131,177,617</u> |
| * Based upon the 2008 assessed value for 2009 property taxes of \$1,951,591,560 | | | | | |

NOTE 11. LEASES**Operating Leases**

The City leases equipment and property under noncancelable operating leases. The total cost for such leases was \$72,266 for the year ended December 31, 2008 including \$45,436 for equipment and \$26,830 for property. The future minimum lease payments for these leases are as follows:

| Year Ending December 31 | Equipment | Property | Total |
|----------------------------|-----------|----------|--------|
| 2009 | 50,854 | 30,575 | 81,429 |
| 2010 | 28,953 | 31,126 | 60,079 |
| 2011 | 21,751 | 2,598 | 24,349 |
| 2012 | 16,337 | 0 | 16,337 |
| 2013 | 2,076 | 0 | 2,076 |
| 2014-2018 | 0 | 0 | 0 |

Capital Leases

The City has no capital leases as of December 31, 2008.

NOTE 12. CONTINGENCIES AND LITIGATIONS

The City has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the City will have to make payment. In the opinion of management, the City's insurance policies and self-insurance reserves are adequate to pay all known or pending claims.

The City participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. City management believes that such disallowances, if any, will be immaterial.

The City has entered into a contingent loan agreement with the Greater Wenatchee Regional Events Center Public Facilities District (PFD) that commits the City to make loans to the PFD if and when the PFD does not have sufficient money to make annual debt service payments when due.

NOTE 13. INTERFUND BALANCES AND TRANSFERS

During the course of normal operations the City has numerous transactions between funds. Transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City. Other types of interfund activity included loans and transfers.

Interfund Balances

Due to/from other funds represent receivables and payables between funds for goods issued, work performed or services rendered for the benefit of another fund within the City. Due to/from balances at December 31, 2008 are as follows:

| Due To/From Other Funds | | |
|-------------------------|----------------|----------|
| Receivable Fund | Payable Fund | Amount |
| General Fund | Homeless Funds | 8,856 |
| Total | | \$ 8,856 |

Interfund receivables and payables represent loans between funds that have been approved by a City Council resolution and are supported with a specific repayment plan. Of the balances reported below only the \$7,153 payable from the Regional Water Fund to the Water/Sewer Fund is expected to be paid in its entirety within one year. At December 31, 2008 the loans outstanding are as follows:

| Interfund Receivable/Payable | | |
|------------------------------|-------------------------|--------------|
| Receivable Fund | Payable Fund | Amount |
| Water/Sewer | Event Center CERB Grant | 1,000,000 |
| Water/Sewer | Regional Water | 7,153 |
| Cemetery Endowment | General Fund/GLTDAG | 621,105 |
| Total | | \$ 1,628,258 |

Interfund Transfers

Transfers represent the outright movement of assets from one fund to another without a requirement for repayment. Transfers are used to

- Move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due.
- Move unrestricted fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorization, including amounts provided as subsidies or matching funds for various grant programs.
- Move unrestricted fund revenues to support the operations of other funds.

During 2008 the following transfers in/out occurred:

| | Transfer To: | | | | | | | | | | | |
|------------------------|--------------|--------|--------------------|------------------------------|-----------------|----------------|-------------------|--------------------------|----------------------|-----------------|---------------------|-----------|
| | Major Funds | | | | | | | Other Funds | | | | Total |
| | Governmental | | | Business Type | | | | Nonmajor Governmental | Nonmajor Business | Debt Service | Internal Service | |
| | General | Street | Arterial Street | PW Facility/ Construction | Water/ Sewer | Storm Drain | Regional Water | | | | | |
| Transfer From: | | | | | | | | | | | | |
| Major Funds | | | | | | | | | | | | |
| Governmental | | | | | | | | | | | | |
| General | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,637,034 | 52,204 | 226,153 | 158,938 | 3,074,328 |
| Street | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 43,100 | 43,100 |
| Arterial street | 0 | 0 | 0 | 200,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200,000 |
| Business Type | | | | | | | | | | | | |
| Water/Sewer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,000 | 18,000 |
| Storm drain | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Regional water | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nonmajor governmental | 19,583 | 0 | 0 | 500,000 | 0 | 0 | 0 | 565,544 | 0 | 792,509 | 31,400 | 1,909,036 |
| Nonmajor business type | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Internal service | 0 | 0 | 0 | 0 | 405,000 | 0 | 195,000 | 903,426 | 45,000 | 0 | 7,269 | 1,555,695 |
| Permanent | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 19,583 | 0 | 0 | 700,000 | 405,000 | 0 | 195,000 | 4,106,004 | 97,204 | 1,018,662 | 258,707 | 6,800,159 |

Significant transfers that occurred during 2008 include:

- A one-time transfer of \$1,778,357 from the General Fund to the Event Center-City Investment Fund (a nonmajor governmental fund) to in-part pay \$4 million committed by the City Council towards the completion of an event center constructed by the Greater Wenatchee Regional Events Center Public Facilities District (a component of the City of Wenatchee).
- A one-time transfer of \$1,500,000 from the Self Insurance Fund (an internal service fund) that reflected the distribution a portion of the fund balance that was considered in excess of fund needs. Allocation of the transfer was as follows:
 - \$405,000 to the Water/Sewer Fund (a major business type fund).
 - \$195,000 to the Regional Water Fund (a major business type fund).
 - \$45,000 to the Cemetery Fund (a nonmajor business type fund).
 - \$855,000 to the Event Center-City Investment Fund (a nonmajor governmental fund).
- An ongoing transfer from the General Fund to the LEOFF 1 Health Care Fund and LEOFF 1 Long-Term Care Fund (nonmajor governmental funds) totaling \$580,000 that is intended to pay for health and long-term care costs for eligible employees and retirees.
- An ongoing transfer from the General Fund to the Councilmanic Bond Fund (a debt service fund) that will in-part help to make debt service payments on limited tax general obligation bonds. The transfer in 2008 amounted to \$226,153.
- An ongoing transfer from the Convention Center Fund (a nonmajor governmental fund) to the Councilmanic Bond Fund (a debt service fund) that will in-part help to make debt service payments on limited tax general obligation bonds. The transfer in 2008 amounted to \$384,880.
- An ongoing transfer from the Real Estate Excise Tax Fund (a nonmajor governmental fund) to the Councilmanic Bond Fund (a debt service fund) that will in-part help to make debt service payments on limited tax general obligation bonds. The transfer in 2008 amounted to \$407,629.
- A one-time transfer of \$500,000 from the Real Estate Excise Tax Fund (a nonmajor governmental fund) to the Public Works Facility Construction Fund (a major governmental fund) that partially financed the construction of a new public service facility.
- A one-time transfer of \$200,000 from the Arterial Street Fund (a major governmental fund) to the Public Works Facility Construction Fund (a major governmental fund) that partially financed the construction of a new public service facility.
- A one-time transfer of \$280,000 from the Ice Arena Fund (a nonmajor governmental fund) to the Event Center-City Investment Fund (a nonmajor governmental fund) to in-part pay \$4 million committed by the City Council towards the completion of an event center constructed by the Greater Wenatchee Regional Events Center Public Facilities District (a component of the City of Wenatchee).

NOTE 14. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

In addition to pension benefits discussed in NOTE 7, the City of Wenatchee administers a single employer defined benefit plan covering postretirement healthcare and long-term care in accordance with State statute to retired police and fire employees who are eligible under the Firemen's Pension Fund and Law Enforcement Officers and Firefighters Plan 1 (LEOFF 1). The activity of the plan is reported in

nonmajor governmental special revenue funds. LEOFF retirement benefit provisions are established in State statute and may be amended only by the State Legislature.

Membership

LEOFF 1 employees (those police officers and firefighters hired prior to October 1, 1977) become eligible for these benefits at the point they retire from City employment. As of December 31, 2008, the number of individuals eligible for this benefit is as follows:

| | Active | Retired | Total | Medicare Eligible |
|--------|--------|---------|-------|-------------------|
| Police | 1 | 19 | 20 | 9 |
| Fire | 2 | 19 | 21 | 12 |
| | 3 | 38 | 41 | 21 |

Funding Policy

The City reimburses 100% of the amount of validated claims for medical and hospitalization costs incurred by eligible retirees. We satisfy retiree medical claims through a three tier approach:

1. The City pays the Part B premium for those 21 individuals that are Medicare eligible, which results in Medicare being the primary payer for related medical claims.
2. The City pays for medical insurance coverage for all 41 individuals through the Association of Washington Cities Employee Benefits Trust (AWC), which is a fully insured indemnity plan that offers specific coverages for particular maladies. If the individual is Medicare eligible, the AWC coverage is considered the secondary payer, if they are not Medicare eligible, AWC is considered primary.
3. Finally, the City reimburses the retiree for those medical claims that are not covered by either Medicare or AWC.

Under the Revised Code of Washington, costs related to medical, hospital and nursing care are also covered for all LEOFF 1 retirees as long as a disability exists.

Employer contributions are financed on a pay-as-you-go basis and expenditures for postretirement health and long-term care in 2008 were \$558,659.

Annual OPEB Costs and Net OPEB Obligation

The City first had an actuarial valuation performed for the plans as of January 1, 2008 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2008. The City's annual OPEB cost (expense) of \$790,127 was equal to the ARC for the fiscal year, as the transition liability was set to zero for this first year following the implementation of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions".

| | |
|---|------------|
| Amortization of Unfunded Actuarial Accrued Liability (UAAL) | \$ 752,502 |
| Interest to December 31, 2008 | 37,625 |
| Annual Required Contribution (ARC) at December 31, 2008 | 790,127 |
| Interest on Net OPEB Obligation | 0 |
| Adjustment to Annual Required Contribution (ARC) | 0 |
| Annual OPEB Cost | 790,127 |
| Employer Contributions | 558,659 |
| Change in Net OPEB Obligation | 231,468 |
| Net OPEB Obligation at January 1, 2008 | 0 |
| Net OPEB Obligation at December 31, 2008 | \$ 231,468 |

Trend Information

| Fiscal Year Ended | Annual OPEB Cost | Employer Contributions | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|------------------------|--|---------------------|
| December 31, 2008 | \$ 790,127 | \$ 558,659 | 70.70% | \$ 231,468 |

Funding Status and Funding Progress

The funded status of the plan as of December 31, 2008, was as follows:

| | |
|---|---------------|
| Actuarial accrued liability (AAL) | \$ 12,146,000 |
| Actuarial value of plan assets | \$ 0 |
| Unfunded actuarial accrued liability (UAAL) | \$ 12,146,000 |
| Funded ratio (actuarial value of plan assets / AAL) | 0% |
| Covered payroll (active plan members) * | n/a |
| UAAL as a percentage of covered payroll | n/a |

* Because the few active LEOFF 1 employees are so close to retirement the City chose to consider them at retired in the actuarial assumptions used to arrive at the AAL

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, service retirement disability, mortality and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information in Part 6 of this annual report document presents the results of OPEB valuations as of December 31, 2007 and looking forward, the schedule of funding progress will eventually provide multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Assumptions

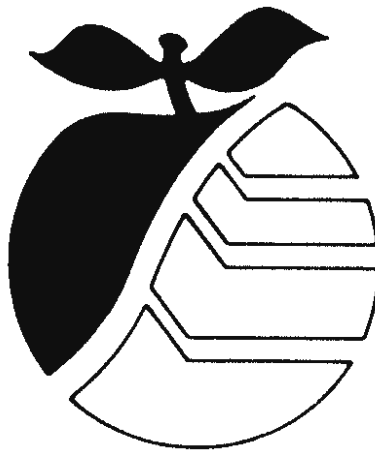
The actuarial assumptions used in the January 1, 2008 OPEB actuarial valuations include techniques that are designed to estimate the future experience of the members, reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Assumptions were as follow:

| | | | | |
|-------------------------------|---------------------------------------|-------------|-------------|-------------|
| Valuation Date | January 1, 2008 | | | |
| Actuarial cost method | Entry Age Normal | | | |
| Amortization method | 30-year, closed as of January 1, 2008 | | | |
| Remaining amortization period | 29 | | | |
| Actuarial assumptions | | | | |
| Investment rate of return | 5.0% | | | |
| Long-term care inflation rate | 5.0% | | | |
| Medical trend | <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
| | 2008 | 9.5% | 2013 | 7.0% |
| | 2009 | 9.0% | 2014 | 6.5% |
| | 2010 | 8.5% | 2015 | 6.0% |
| | 2011 | 8.0% | 2016 | 5.5% |
| | 2012 | 7.5% | 2017+ | 5.0% |

NOTE 15. SUBSEQUENT EVENT

On March 5, 2009, the Wenatchee City Council approved Ordinance #2009-09 that authorized the establishment of a line of credit bond anticipation note in an amount not to exceed \$3,000,000 whose proceeds are to be used towards the Riverside Drive Local Improvement District construction project. To date \$1,900,088 has been drawn against this line of credit. At the conclusion of the project in early 2010 the City will issue local improvement district bonds to repay the line of credit.

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Required Supplementary Information
Firemen's Pension Fund
GASB Statement No. 25 and 27
Schedule of Funding Progress (in thousands)
Six year trend

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------|---------------------------|-----------------------------------|---|--------------|-----------------|---|
| 1/1/1998 * | \$ 753 | \$ 2,786 | \$ 2,033 | 27% | \$ 155 | 1311.6% |
| 1/1/2000 * | 1,152 | 2,786 | 1,634 | 41% | 166 | 984.3% |
| 1/1/2002 * | 1,613 | 2,786 | 1,173 | 58% | 149 | 787.2% |
| 1/1/2004 * | 2,155 | 2,786 | 631 | 77% | 155 | 407.1% |
| 1/1/2006 * | 2,975 | 2,786 | (189) | 107% | 116 | -162.9% |
| 1/1/2008 | 3,460 | 1,854 | (1,606) | 187% | 0 | n/a |

* For each two-year period reported the actual actuarial valuation date was 6/30/93 and the AAL was established that same date.
The actuarial value of assets are reported at fair value at that time.

Required Supplementary Information
Firemen's Pension Fund
GASB Statement No. 25
Schedule of Employer Contributions
Six year trend

| Fiscal Year Ending | Actual * Employer Contribution | Fire Insurance Premiums | Annual Required Contributions (ARC) ** | Percentage of ARC Contributed |
|--------------------|--------------------------------|-------------------------|--|-------------------------------|
| 12/31/2003 | \$ 362,405 | \$ 18,626 | \$ 358,000 | 106% |
| 12/31/2004 | 381,536 | 22,748 | 380,000 | 106% |
| 12/31/2005 | 402,046 | 23,224 | 402,000 | 106% |
| 12/31/2006 | 425,557 | 25,199 | 427,000 | 106% |
| 12/31/2007 | 451,541 | 27,284 | 0 | n/a% |
| 12/31/2008 | 0 | 28,371 | (128,899) | n/a% |

* Employer contributions for pensions are total contributions to the Fund net of administrative expenses.

** The ARC reported for the years 2003-2007 is based upon an actuarial study prepared 6/30/93. In the future as actuarial studies will be performed on a biennial schedule. The next actuarial valuation is scheduled for January 1, 2010.

Firemen's Pension Fund Actuarial Assumptions

| | |
|-------------------------------|---------------------------------------|
| Valuation Date | January 1, 2008 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | 20-year, closed as of January 1, 2008 |
| Remaining amortization period | 19 |
| Asset valuation method | Fair value |
| Actuarial assumptions | |
| Investment rate of return | 5.0% |
| Projected salary increases | 4.0% |
| Inflation | 3.0% |
| Cost-of-living adjustments | Varies* |

* Under the Firemen's Pension funds requirement of State law, most adjustments are based on the change in salary for the rank of the members held at retirement based on the Consumer Price Index. Adjustments are determined in accordance with RCW 41.18.150, RCW 41.20 and RCW 41.26.

Required Supplementary Information
Other Post Employment Benefits (OPEB)
GASB Statement No. 43 & 45
Schedule of Funding Progress (in thousands)
Six year trend *

| Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liabilities (AAL) | Unfunded Actuarial Accrued Liabilities (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|----------------|---------------------------|-------------------------------------|---|--------------|-----------------|---|
| 1/1/2008 | \$ 0 | \$ 12,146 | \$ 12,146 | 0% | \$ n/a | n/a% |

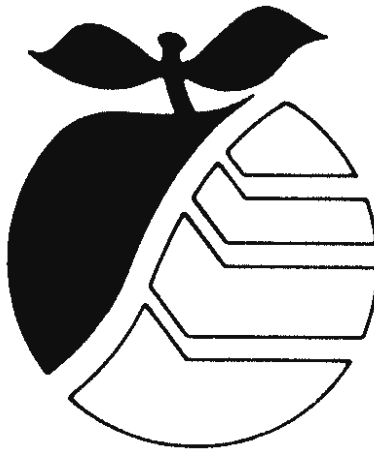
* This is the first year of OPEB implementation. In future years, comparative annual funding progress will be reported.

OPEB Actuarial Assumptions

| | |
|---|---------------|
| Actuarial accrued liability (AAL) | \$ 12,146,000 |
| Actuarial value of plan assets | \$ 0 |
| Unfunded actuarial accrued liability (UAAL) | \$ 12,146,000 |
| Funded ratio (actuarial value of plan assets / AAL) | 0% |
| Covered payroll (active plan members) * | n/a |
| UAAL as a percentage of covered payroll | n/a |

* Because the few active LEOFF 1 employees are so close to retirement the City chose to consider them at retired in the actuarial assumptions used to arrive at the AAL

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CITY OF WENATCHEE, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008

| SPECIAL REVENUE FUNDS | | | | | | | | |
|-------------------------------------|------------|----------------|------------------------|-------------------------|-------------------|-------------------------|------------------------|----------------|
| | PUBLIC ART | PATHS & TRAILS | TOURISM PROMOTION AREA | HOTEL/MOTEL 60% CAPITAL | CONVENTION CENTER | HOTEL/MOTEL 40% TOURISM | LEOFF 1 LONG-TERM CARE | STREET OVERLAY |
| ASSETS | | | | | | | | |
| Cash | 78,706 \$ | 15,453 \$ | 0 \$ | 0 \$ | 520,443 \$ | 21,632 \$ | 537,178 \$ | 504,064 |
| Cash with Fiscal Agent | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Receivables: | | | | | | | | |
| Taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounts | 0 | 0 | 0 | 0 | 12,448 | 0 | 0 | 0 |
| Intergovernmental | 0 | 415 | 18,556 | 31,319 | 74,590 | 46,701 | 0 | 140,717 |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interfund Loans Receivable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL ASSETS | 78,706 | 15,868 | 18,556 | 31,319 | 607,481 | 68,333 | 537,178 | 644,781 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Accounts Payable | 802 | 2,151 | 18,556 | 0 | 14,996 | 46,701 | 0 | 0 |
| Payroll Payables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Due To Other Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenue Received in Advance | | | | | | | | |
| Deposits Payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sales Tax Payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Retainage Payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 39,461 |
| Leasehold Excise Tax Payable | 0 | 0 | 0 | 0 | 8,759 | 0 | 0 | 0 |
| Unclaimed Property | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL LIABILITIES | 802 | 2,151 | 18,556 | 0 | 23,755 | 46,701 | 0 | 39,461 |
| FUND BALANCE | | | | | | | | |
| Reserved | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unreserved | 77,904 | 13,717 | 0 | 31,319 | 583,726 | 21,632 | 537,178 | 605,320 |
| TOTAL FUND BALANCE | 77,904 | 13,717 | 0 | 31,319 | 583,726 | 21,632 | 537,178 | 605,320 |
| TOTAL LIABILITIES AND FUND BALANCES | 78,706 \$ | 15,868 \$ | 18,556 \$ | 31,319 \$ | 607,481 \$ | 68,333 \$ | 537,178 \$ | 644,781 |

The notes to the financial statements are an integral part of this statement.

CITY OF WENATCHEE, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008

| | SPECIAL REVENUE FUNDS | | | | | | EVENT CENTER CITY CONTRIBUTION |
|--|-----------------------|---------------------|-----------------------|---------------------|---------------------------|-------------------|--------------------------------------|
| | ICE ARENA | COMMUNITY CENTER | LOW INCOME HOUSING | CDBG ENTITLEMENT | LEOFF 1 HEALTH CARE | HOMELESS FUNDS | |
| ASSETS | | | | | | | |
| Cash | 0 \$ | 218,677 \$ | 81,252 \$ | (148,280) \$ | 507,701 \$ | 237,374 \$ | 0 \$ |
| Cash with Fiscal Agent | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Receivables: | | | | | | | |
| Taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounts | 0 | 2,221 | 0 | 456,580 | 0 | 0 | 0 |
| Intergovernmental | 0 | 0 | 9,626 | 169,355 | 0 | 311,376 | 0 |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interfund Loans Receivable | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL ASSETS | 0 | 220,898 | 90,878 | 477,655 | 507,701 | 548,750 | 0 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts Payable | 0 | 4,293 | 1,179 | 6,116 | 2,500 | 0 | 0 |
| Payroll Payables | 0 | 72 | 0 | 0 | 0 | 0 | 0 |
| Due To Other Funds | 0 | 0 | 0 | 0 | 0 | 8,856 | 0 |
| Deferred Revenues | 0 | 0 | 0 | 467,471 | 0 | 149,015 | 0 |
| Revenue Received in Advance | | | | | | | |
| Deposits Payable | 0 | 3,920 | 0 | 0 | 0 | 0 | 0 |
| Sales Tax Payable | 0 | 2,914 | 0 | 0 | 0 | 0 | 0 |
| Retainage Payable | 0 | 0 | 0 | 11,553 | 0 | 0 | 0 |
| Leasehold Excise Tax Payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unclaimed Property | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL LIABILITIES | 0 | 11,199 | 1,179 | 485,140 | 2,500 | 157,871 | 0 |
| FUND BALANCE | | | | | | | |
| Reserved | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unreserved | 0 | 209,699 | 89,699 | (7,485) | 505,201 | 390,879 | 0 |
| TOTAL FUND BALANCE | 0 | 209,699 | 89,699 | (7,485) | 505,201 | 390,879 | 0 |
| TOTAL LIABILITIES AND FUND BALANCES | 0 \$ | 220,898 \$ | 90,878 \$ | 477,655 \$ | 507,701 \$ | 548,750 \$ | 0 \$ |

The notes to the financial statements are an integral part of this statement.

CITY OF WENATCHEE, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008

| | TOTAL SPECIAL REVENUE FUNDS |
|--|--------------------------------------|
| ASSETS | |
| Cash | 2,574,200 |
| Cash with Fiscal Agent | 0 |
| Investments | 0 |
| Receivables: | |
| Taxes | 0 |
| Accounts | 471,249 |
| Intergovernmental | 802,655 |
| Interest | 0 |
| Interfund Loans Receivable | 0 |
| TOTAL ASSETS | 3,848,104 |
| LIABILITIES AND FUND BALANCES | |
| LIABILITIES | |
| Accounts Payable | 97,294 |
| Payroll Payables | 72 |
| Due To Other Funds | 8,856 |
| Deferred Revenues | 616,486 |
| Revenue Received in Advance | 3,920 |
| Deposits Payable | 2,914 |
| Sales Tax Payable | 0 |
| Retainage Payable | 51,014 |
| Leasehold Excise Tax Payable | 8,759 |
| Unclaimed Property | 0 |
| TOTAL LIABILITIES | 789,315 |
| FUND BALANCE | |
| Reserved | 0 |
| Unreserved | 3,058,789 |
| TOTAL FUND BALANCE | 3,058,789 |
| TOTAL LIABILITIES AND FUND BALANCES | 3,848,104 |

The notes to the financial statements are an integral part of this statement.

CITY OF WENATCHEE, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008

| | DEBT SERVICE FUNDS | | | | | TOTAL DEBT SERVICE FUNDS |
|--|--------------------|------------------|------------------|------------------|------------------|-----------------------------------|
| | UTGO BONDS | LID GUARANTY | LTGO BONDS | LID 324 | LID 314 & 316 | |
| ASSETS | | | | | | |
| Cash | \$ (18,276) | \$ 84,612 | \$ 38,747 | \$ 4,911 | \$ 4,393 | \$ 114,387 |
| Cash with Fiscal Agent | 0 | 0 | 5,000 | 0 | 0 | 5,000 |
| Investments | 0 | 0 | 0 | 0 | 0 | 0 |
| Receivables: | | | | | | |
| Taxes | 14,692 | 0 | 0 | 0 | 0 | 14,692 |
| Accounts | 0 | 0 | 0 | 27,127 | 20,277 | 47,404 |
| Intergovernmental | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Interfund Loans Receivable | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL ASSETS | (3,584) | 84,612 | 43,747 | 32,038 | 24,670 | 181,483 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts Payable | 304 | 0 | 607 | 0 | 0 | 911 |
| Payroll Payables | 0 | 0 | 0 | 0 | 0 | 0 |
| Due To Other Funds | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred Revenues | 13,051 | 0 | 0 | 27,127 | 20,277 | 60,455 |
| Revenue Received in Advance | | | | | | |
| Deposits Payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Sales Tax Payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Retainage Payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Leasehold Excise Tax Payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Unclaimed Property | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL LIABILITIES | 13,355 | 0 | 607 | 27,127 | 20,277 | 61,366 |
| FUND BALANCE | | | | | | |
| Reserved | 0 | 0 | 0 | 0 | 0 | 0 |
| Unreserved | (16,939) | 84,612 | 43,140 | 4,911 | 4,393 | 120,117 |
| TOTAL FUND BALANCE | (16,939) | 84,612 | 43,140 | 4,911 | 4,393 | 120,117 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ (3,584) | \$ 84,612 | \$ 43,747 | \$ 32,038 | \$ 24,670 | \$ 181,483 |

The notes to the financial statements are an integral part of this statement.

CITY OF WENATCHEE, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008

| | CAPITAL PROJECTS FUNDS | | | | | CONVENTION CENTER UPGRADES | | | CITY HALL CHAMBER UPGRADES | | FOOTHILLS TRAIL | | TOTAL CAPITAL PROJECTS FUNDS |
|--|------------------------|-------------------------|----------------------|----------------------|-------------------|----------------------------|-----------------|-------------------|----------------------------|--|-----------------|--|------------------------------|
| | CAPITAL IMPROVEMENTS | DAY USE MOORAGE PARKING | ICE ARENA RENOVATION | LID CAPITAL PROJECTS | | | | | | | | | |
| ASSETS | | | | | | | | | | | | | |
| Cash | \$ 19,149 | \$ (18,936) | 0 | 0 | \$ (29,189) | \$ 182,786 | \$ 100,917 | \$ (6,234) | \$ 248,493 | | | | |
| Cash with Fiscal Agent | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| Receivables: | | | | | | | | | | | | | |
| Taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| Accounts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| Intergovernmental | 140,717 | 98,115 | 0 | 0 | 0 | 0 | 0 | 8,281 | 247,113 | | | | |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| Interfund Loans Receivable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| TOTAL ASSETS | 159,866 | 79,179 | 0 | 0 | (29,189) | 182,786 | 100,917 | 2,047 | 495,606 | | | | |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | | | | |
| Accounts Payable | 0 | 0 | 0 | 0 | 0 | 0 | 34,000 | 2,047 | 36,047 | | | | |
| Payroll Payables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| Due To Other Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| Deferred Revenues | 0 | 98,115 | 0 | 0 | 0 | 0 | 0 | 8,281 | 106,396 | | | | |
| Revenue Received in Advance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| Deposits Payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| Sales Tax Payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| Retainage Payable | 847 | 0 | 0 | 0 | 0 | 25,722 | 1,650 | 0 | 28,219 | | | | |
| Leasehold Excise Tax Payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| Unclaimed Property | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| TOTAL LIABILITIES | 847 | 98,115 | 0 | 0 | 0 | 25,722 | 35,650 | 10,328 | 170,662 | | | | |
| FUND BALANCE | | | | | | | | | | | | | |
| Reserved | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | |
| Unreserved | 159,019 | (18,936) | 0 | (29,189) | 157,064 | 65,267 | (8,281) | 324,944 | | | | | |
| TOTAL FUND BALANCE | 159,019 | (18,936) | 0 | (29,189) | 157,064 | 65,267 | (8,281) | 324,944 | | | | | |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 159,866 | \$ 79,179 | \$ 0 | \$ (29,189) | \$ 182,786 | \$ 100,917 | \$ 2,047 | \$ 495,606 | | | | | |

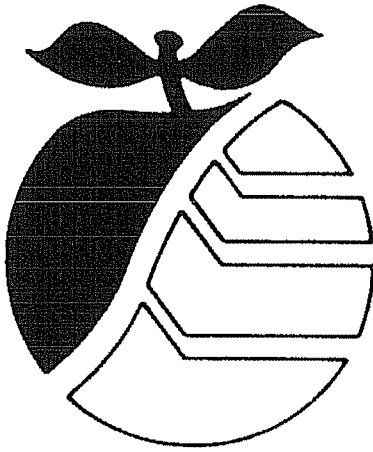
The notes to the financial statements are an integral part of this statement.

CITY OF WENATCHEE, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008

| | PERMANENT FUND CEMETERY TRUST | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|--|--|--|
| ASSETS | | |
| Cash | \$ 144,828 | \$ 3,081,908 |
| Cash with Fiscal Agent | 0 | 5,000 |
| Investments | 0 | 0 |
| Receivables: | | |
| Taxes | 0 | 14,692 |
| Accounts | 0 | 518,653 |
| Intergovernmental | 0 | 1,049,768 |
| Interest | 0 | 0 |
| Interfund Loans Receivable | 621,105 | 621,105 |
| TOTAL ASSETS | <u>765,933</u> | <u>5,291,126</u> |
| LIABILITIES AND FUND BALANCES | | |
| LIABILITIES | | |
| Accounts Payable | 0 | 134,252 |
| Payroll Payables | 0 | 72 |
| Due To Other Funds | 0 | 8,856 |
| Deferred Revenues | 0 | 783,337 |
| Revenue Received in Advance | 0 | 3,920 |
| Deposits Payable | 0 | 2,914 |
| Sales Tax Payable | 0 | 0 |
| Retainage Payable | 0 | 79,233 |
| Leasehold Excise Tax Payable | 0 | 8,759 |
| Unclaimed Property | 0 | 0 |
| TOTAL LIABILITIES | <u>0</u> | <u>1,021,343</u> |
| FUND BALANCE | | |
| Reserved | 765,933 | 765,933 |
| Unreserved | 0 | 3,503,850 |
| TOTAL FUND BALANCE | <u>765,933</u> | <u>4,269,783</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 765,933</u> | <u>\$ 5,291,126</u> |

The notes to the financial statements are an integral part of this statement.

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CITY OF WENATCHEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, FUND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

| SPECIAL REVENUE FUNDS | | | | | | | | |
|--|----------------|------------------------|-------------------------|-------------------|-------------------------|------------------------|----------------|------------|
| PUBLIC ART | PATHS & TRAILS | TOURISM PROMOTION AREA | HOTEL/MOTEL 60% CAPITAL | CONVENTION CENTER | HOTEL/MOTEL 40% TOURISM | LEOFF-1 LONG-TERM CARE | STREET OVERLAY | |
| REVENUES | | | | | | | | |
| Taxes | 0 \$ | 0 \$ | 181,023 \$ | 227,461 \$ | 481,694 \$ | 403,223 \$ | 0 \$ | 450,498 |
| Intergovernmental | 0 | 92,867 | 0 | 0 | 0 | 0 | 0 | 0 |
| Charges for services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment earnings | 2,967 | 1,115 | (770) | 2,640 | 9,495 | 986 | 14,581 | 24,006 |
| Special Assessment Payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 61,397 | 0 | 0 | 198,615 | 0 | 0 | 0 | (639) |
| Total Revenues | 64,364 | 93,982 | 180,253 | 230,101 | 689,804 | 404,209 | 14,581 | 473,865 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Security of Persons & Property | 0 | 0 | 0 | 0 | 0 | 0 | 98,114 | 0 |
| Transportation | 0 | 97,802 | 0 | 0 | 0 | 0 | 0 | 813,584 |
| Economic Environment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Culture & Recreation | 14,483 | 0 | 180,253 | 0 | 388,634 | 408,223 | 0 | 0 |
| Capital Outlay | 39,224 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Service | | | | | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest & other costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 53,707 | 97,802 | 180,253 | 0 | 388,634 | 408,223 | 98,114 | 813,584 |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | 10,657 | (3,820) | 0 | 230,101 | 301,170 | (4,014) | (83,533) | (339,719) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In | 0 | 0 | 0 | 0 | 230,685 | 0 | 135,000 | 0 |
| Debt Proceeds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from Sale of Fixed Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contributions to other agencies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | (230,685) | (416,280) | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | (230,685) | (185,595) | 0 | 135,000 | 0 |
| CHANGE IN FUND BALANCE | 10,657 | (3,820) | 0 | (584) | 115,575 | (4,014) | 51,467 | (339,719) |
| FUND BALANCE JANUARY 1 | 67,247 | 17,537 | 0 | 31,903 | 468,151 | 25,646 | 485,711 | 945,039 |
| FUND BALANCE DECEMBER 31 | \$ 77,904 | \$ 13,717 | \$ 0 | \$ 31,319 | \$ 583,726 | \$ 21,632 | \$ 537,178 | \$ 605,320 |

The notes to the financial statements are an integral part of this statement.

CITY OF WENATCHEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, FUND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

| | SPECIAL REVENUE FUNDS | | | | | | |
|---|-----------------------|------------------|--------------------|------------------|---------------------|----------------|--------------------------------|
| | ICE AREANA | COMMUNITY CENTER | LOW INCOME HOUSING | GDBG ENTITLEMENT | LEOFF 1 HEALTH CARE | HOMELESS FUNDS | EVENT CENTER CITY CONTRIBUTION |
| REVENUES | | | | | | | |
| Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Intergovernmental | 0 | 0 | 45,259 | 492,984 | 0 | 370,589 | 0 |
| Charges for services | 61,567 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment earnings | 7,894 | 7,085 | 4,069 | 498 | 12,898 | 7,683 | 2,238 |
| Special Assessment Payments | 94,534 | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 0 | 101,099 | 0 | 0 | 0 | 0 | 0 |
| Total Revenues | 163,995 | 108,184 | 49,328 | 493,482 | 12,898 | 378,272 | 2,238 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Security of Persons & Property | 0 | 0 | 0 | 0 | 460,545 | 0 | 0 |
| Transportation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Economic Environment | 0 | 0 | 125,729 | 349,580 | 0 | 306,542 | 0 |
| Culture & Recreation | 254,259 | 144,427 | 0 | 0 | 0 | 0 | 33,576 |
| Capital Outlay | 0 | 0 | 0 | 201,485 | 0 | 0 | 0 |
| Debt Service | | | | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest & other costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 254,259 | 144,427 | 125,729 | 551,065 | 460,545 | 306,542 | 33,576 |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | (90,264) | (36,243) | (76,401) | (57,583) | (447,647) | 71,730 | (31,338) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers In | 102,589 | 20,813 | 0 | 0 | 580,000 | 0 | 3,016,642 |
| Debt Proceeds | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from Sale of Fixed Assets | 0 | 0 | 0 | 0 | 0 | 0 | 1,014,696 |
| Contributions to other agencies | 0 | 0 | 0 | 0 | 0 | 0 | (4,000,000) |
| Transfers Out | (280,000) | 0 | 0 | 0 | 0 | (19,583) | 0 |
| Total Other Financing Sources (Uses) | (177,411) | 20,813 | 0 | 0 | 580,000 | (19,583) | 31,338 |
| CHANGE IN FUND BALANCE | (267,675) | (15,430) | (76,401) | (57,583) | 132,353 | 52,147 | 0 |
| FUND BALANCE JANUARY 1 | 267,675 | 225,129 | 166,100 | 50,098 | 372,848 | 338,732 | 0 |
| FUND BALANCE DECEMBER 31 | \$ 0 | \$ 209,699 | \$ 89,699 | \$ (7,485) | \$ 505,201 | \$ 390,879 | \$ 0 |

The notes to the financial statements are an integral part of this statement.

CITY OF WENATCHEE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, FUND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | TOTAL SPECIAL REVENUE FUNDS |
|---|--------------------------------------|
| REVENUES | |
| Taxes | 1,743,899 |
| Intergovernmental | 1,001,699 |
| Charges for services | 61,567 |
| Investment earnings | 97,385 |
| Special Assessment Payments | 94,534 |
| Miscellaneous | 360,472 |
| Total Revenues | 3,359,556 |
| EXPENDITURES | |
| Current: | |
| General Government | 0 |
| Security of Persons & Property | 558,659 |
| Transportation | 911,386 |
| Economic Environment | 781,851 |
| Culture & Recreation | 1,423,855 |
| Capital Outlay | 240,709 |
| Debt Service | |
| Principal Retirement | 0 |
| Interest & other costs | 0 |
| Total Expenditures | 3,916,460 |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | (556,904) |
| OTHER FINANCING SOURCES (USES) | |
| Transfers In | 4,085,729 |
| Debt Proceeds | 0 |
| Proceeds from Sale of Fixed Assets | 1,014,696 |
| Contributions to other agencies | (4,000,000) |
| Transfers Out | (946,548) |
| Total Other Financing Sources (Uses) | 153,877 |
| CHANGE IN FUND BALANCE | (403,027) |
| FUND BALANCE JANUARY 1 | 3,461,816 |
| FUND BALANCE DECEMBER 31 | 3,058,789 |

The notes to the financial statements are an integral part of this statement.

CITY OF WENATCHEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, FUND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

| | UTGO BONDS | LID GUARANTY | LTGO BONDS | LID 324 | LID 314 & 316 | TOTAL DEBT SERVICE FUNDS |
|---|--------------------|------------------|------------------|-----------------|------------------|-----------------------------------|
| REVENUES | | | | | | |
| Taxes | \$ 359,297 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 359,297 |
| Intergovernmental | 0 | 0 | 0 | 0 | 0 | 0 |
| Charges for services | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment earnings | 1,713 | 2,439 | 9,095 | 260 | 234 | 13,741 |
| Special Assessment Payments | 0 | 0 | 0 | 19,603 | 14,945 | 34,548 |
| Miscellaneous | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenues | 361,010 | 2,439 | 9,095 | 19,863 | 15,179 | 407,586 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General Government | 0 | 84 | 0 | 0 | 0 | 84 |
| Security of Persons & Property | 0 | 0 | 0 | 0 | 0 | 0 |
| Transportation | 0 | 0 | 0 | 0 | 0 | 0 |
| Economic Environment | 0 | 0 | 0 | 0 | 0 | 0 |
| Culture & Recreation | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Service | | | | | | |
| Principal Retirement | 200,000 | 0 | 625,000 | 20,000 | 15,000 | 860,000 |
| Interest & other costs | 163,456 | 0 | 379,063 | 2,046 | 3,217 | 547,782 |
| Total Expenditures | 363,456 | 84 | 1,004,063 | 22,046 | 18,217 | 1,407,866 |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | (2,446) | 2,355 | (994,968) | (2,183) | (3,038) | (1,000,280) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | 0 | 0 | 1,018,662 | 0 | 0 | 1,018,662 |
| Debt Proceeds | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from Sale of Fixed Assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Contributions to other agencies | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 1,018,662 | 0 | 0 | 1,018,662 |
| CHANGE IN FUND BALANCE | (2,446) | 2,355 | 23,694 | (2,183) | (3,038) | 18,382 |
| FUND BALANCE JANUARY 1 | (14,493) | 82,257 | 19,446 | 7,094 | 7,431 | 101,735 |
| FUND BALANCE DECEMBER 31 | <u>\$ (16,939)</u> | <u>\$ 84,612</u> | <u>\$ 43,140</u> | <u>\$ 4,911</u> | <u>\$ 4,393</u> | <u>\$ 120,117</u> |

The notes to the financial statements are an integral part of this statement.

CITY OF WENATCHEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, FUND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

| | CAPITAL PROJECTS FUNDS | | | | | | | TOTAL CAPITAL PROJECTS FUNDS |
|---|-------------------------|-------------------------------|-------------------------|----------------------------|---------------------------------|----------------------------------|--------------------|---------------------------------------|
| | CAPITAL IMPROVEMENTS | DAY USE MOORAGE PARKING | ICE ARENA RENOVATION | LID CAPITAL PROJECTS | CONVENTION CENTER UPGRADE | CITY HALL CHAMBER UPGRADES | FOOTHILLS TRAIL | |
| REVENUES | | | | | | | | |
| Taxes | \$ 474,309 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 474,309 |
| Intergovernmental | 141,857 | 44,596 | 0 | 0 | 0 | 0 | 23,390 | 209,843 |
| Charges for services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment earnings | 5,197 | 0 | 1,301 | 0 | 14,268 | 4,635 | 0 | 25,401 |
| Special Assessment Payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenues | 621,363 | 44,596 | 1,301 | 0 | 14,268 | 4,635 | 23,390 | 709,553 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Security of Persons & Property | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transportation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Economic Environment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Culture & Recreation | 0 | 60,283 | 0 | 0 | 0 | 0 | 23,772 | 84,055 |
| Capital Outlay | 147,118 | 0 | 0 | 29,189 | 558,798 | 124,989 | 0 | 860,094 |
| Debt Service | | | | | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest & other costs | 0 | 0 | 0 | 0 | 1,696 | 400 | 0 | 2,096 |
| Total Expenditures | 147,118 | 60,283 | 0 | 29,189 | 560,494 | 125,389 | 23,772 | 946,245 |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | 474,245 | (15,687) | 1,301 | (29,189) | (546,226) | (120,754) | (382) | (236,692) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In | 0 | 0 | 0 | 0 | 0 | 20,000 | 275 | 20,275 |
| Debt Proceeds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from Sale of Fixed Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contributions to other agencies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers Out | (907,629) | 0 | (54,860) | 0 | 0 | 0 | 0 | (962,489) |
| Total Other Financing Sources (Uses) | (907,629) | 0 | (54,860) | 0 | 0 | 20,000 | 275 | (942,214) |
| CHANGE IN FUND BALANCE | (433,384) | (15,687) | (53,559) | (29,189) | (546,226) | (100,754) | (107) | (1,178,906) |
| FUND BALANCE JANUARY 1 | 592,403 | (3,249) | 53,559 | 0 | 703,290 | 166,021 | (8,174) | 1,503,850 |
| FUND BALANCE DECEMBER 31 | 159,019 | (18,936) | 0 | (29,189) | 157,064 | 65,267 | (8,281) | 324,944 |

The notes to the financial statements are an integral part of this statement.

CITY OF WENATCHEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, FUND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

| | PERMANENT FUND CEMETERY TRUST | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|---|--|--|
| REVENUES | | |
| Taxes | \$ 0 | \$ 2,577,505 |
| Intergovernmental | 0 | 1,211,542 |
| Charges for services | 0 | 61,567 |
| Investment earnings | 19,544 | 156,071 |
| Special Assessment Payments | 0 | 129,082 |
| Miscellaneous | 16,443 | 376,915 |
| Total Revenues | 35,987 | 4,512,682 |
| EXPENDITURES | | |
| Current: | | |
| General Government | 0 | 84 |
| Security of Persons & Property | 0 | 558,659 |
| Transportation | 0 | 911,386 |
| Economic Environment | 0 | 781,851 |
| Culture & Recreation | 0 | 1,507,910 |
| Capital Outlay | 0 | 1,100,803 |
| Debt Service | | |
| Principal Retirement | 0 | 860,000 |
| Interest & other costs | 0 | 549,878 |
| Total Expenditures | 0 | 6,270,571 |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | 35,987 | (1,757,889) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers In | 0 | 5,124,666 |
| Debt Proceeds | 0 | 0 |
| Proceeds from Sale of Fixed Assets | 0 | 1,014,696 |
| Contributions to other agencies | 0 | (4,000,000) |
| Transfers Out | 0 | (1,909,037) |
| Total Other Financing Sources (Uses) | 0 | 230,325 |
| CHANGE IN FUND BALANCE | 35,987 | (1,527,564) |
| FUND BALANCE JANUARY 1 | 729,946 | 5,797,347 |
| FUND BALANCE DECEMBER 31 | <u>\$ 765,933</u> | <u>\$ 4,269,783</u> |

The notes to the financial statements are an integral part of this statement.

**CITY OF WENATCHEE, WASHINGTON
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
DECEMBER 31, 2008**

| | SOLID WASTE | CEMETERY | TOTAL |
|---|------------------------|-----------------|--------------|
| ASSETS | | | |
| Cash & Cash Equivalents | \$ 31,598 | \$ 110,288 | \$ 141,886 |
| Cash With Fiscal Agent | 0 | 0 | 0 |
| Investments | 0 | 0 | 0 |
| Receivables (net of allowance for uncollectibles): | | | |
| Accounts | 161,594 | 11,520 | 173,114 |
| Interest on Investments | 0 | 0 | 0 |
| Intergovernmental | 0 | 0 | 0 |
| Due From Other Funds | 0 | 0 | 0 |
| Interfund Loans Receivable | 0 | 0 | 0 |
| Inventory of Material and Supplies | 0 | 0 | 0 |
| Restricted Assets: | | | |
| Cash-Revenue Bond Debt Service | 0 | 0 | 0 |
| Cash-Construction Accounts | 0 | 5,000 | 5,000 |
| Capital Assets (Net) | 0 | 387,087 | 387,087 |
| Total Assets | 193,192 | 513,895 | 707,087 |
| LIABILITIES AND EQUITIES | | | |
| LIABILITIES : | | | |
| Accounts Payable | 93 | 2,489 | 2,582 |
| Wages and Benefits Payable | 0 | 717 | 717 |
| Deposits Payable | 0 | 0 | 0 |
| Compensated Absences - Current | 0 | 0 | 0 |
| Retainage Payable | 0 | 0 | 0 |
| Due to Other Governments | 0 | 0 | 0 |
| Due To Other Funds | 0 | 0 | 0 |
| Deferred Revenue | 0 | 0 | 0 |
| Interfund Loans Payable | 0 | 0 | 0 |
| Non-voted G O Bonds Payable Current | 0 | 0 | 0 |
| Revenue Bonds Payable - Current | 0 | 0 | 0 |
| Non-voted G O Bonds Payable Noncurrent | 0 | 0 | 0 |
| Revenue Bonds Payable - Noncurrent | 0 | 0 | 0 |
| Compensated Absences - Noncurrent | 0 | 33,663 | 33,663 |
| Total Liabilities | 93 | 36,869 | 36,962 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 0 | 387,087 | 387,087 |
| Restricted for debt service | 0 | 0 | 0 |
| Restricted for future construction | 0 | 0 | 0 |
| Unrestricted | 193,099 | 89,939 | 283,038 |
| Total Net Assets | \$ 193,099 | \$ 477,026 | \$ 670,125 |

CITY OF WENATCHEE, WASHINGTON
COMBINING STATEMENT OF REVENUE EXPENSES AND CHANGES IN NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
FOR THE PERIOD ENDED DECEMBER 31, 2008

| | SOLID WASTE | CEMETERY | TOTAL |
|--|------------------------|-------------------|-------------------|
| OPERATING REVENUES: | | | |
| Residential Utility Sales | \$ 1,802,216 | \$ 0 | \$ 1,802,216 |
| Commercial/Industrial Utility Sales | 0 | 0 | 0 |
| Connection Fees | 0 | 0 | 0 |
| Charges for Services | 0 | 187,794 | 187,794 |
| Miscellaneous | 0 | 464 | 464 |
| Total Operating Revenues | 1,802,216 | 188,258 | 1,990,474 |
| OPERATING EXPENSES: | | | |
| Operations and Maintenance | 1,510,230 | 276,943 | 1,787,173 |
| Contracted Operations | 41,500 | 0 | 41,500 |
| General Administration | 214,608 | 0 | 214,608 |
| Depreciation/Amortization | 0 | 5,972 | 5,972 |
| Total Operating Expenses | 1,766,338 | 282,915 | 2,049,253 |
| OPERATING INCOME (LOSS) | 35,878 | (94,657) | (58,779) |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Interest Revenue | | | |
| Interest Income | 4,282 | 3,206 | 7,488 |
| Net Inc(Dec)in Fair Value of Investments | 0 | 0 | 0 |
| Total Interest Revenue | 4,282 | 3,206 | 7,488 |
| External Operating Subsidy | 0 | 0 | 0 |
| Interest Expense & Related Charges | 0 | 0 | 0 |
| Gain (Loss) on sale of Capital Assets | 0 | 0 | 0 |
| Non-Operating Revenues Net of Expense | 4,282 | 3,206 | 7,488 |
| Net Income Before Transfers | 40,160 | (91,451) | (51,291) |
| Transfers In (Out) | 0 | 97,204 | 97,204 |
| CHANGE IN NET ASSETS | 40,160 | 5,753 | 45,913 |
| NET ASSETS JANUARY 1 | 152,939 | 471,273 | 624,212 |
| NET ASSETS DECEMBER 31 | \$ 193,099 | \$ 477,026 | \$ 670,125 |

**CITY OF WENATCHEE, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE PERIOD ENDED DECEMBER 31, 2008**

| | SOLID WASTE | CEMETERY | TOTAL |
|--|------------------------|-------------------|-------------------|
| Cash Flows from Operating Activities: | | | |
| Cash received from customers | \$ 1,795,903 | \$ 186,395 | \$ 1,982,298 |
| Cash payments to vendors | (1,888,361) | (98,269) | (1,986,630) |
| Cash payments to employees | 0 | (177,204) | (177,204) |
| Cash payments to other funds | 0 | 0 | 0 |
| Cash payments for taxes | 0 | 0 | 0 |
| Other operating revenues | 0 | 464 | 464 |
| Net cash provided by operating activities | (92,458) | (88,614) | (181,072) |
| Cash Flows From Noncapital Financing Activities: | | | |
| Repayment of loans received from other funds | 0 | 0 | 0 |
| Repayment of loans to other funds | 0 | 0 | 0 |
| Transfers | 0 | 97,204 | 97,204 |
| Interest received on loans | 0 | 0 | 0 |
| Interest paid on loans | 0 | 0 | 0 |
| Net cash provided by noncapital financing activities | 0 | 97,204 | 97,204 |
| Cash Flows From Capital and Related Financing Activities: | | | |
| Acquisition and construction of capital assets | 0 | 0 | 0 |
| Proceeds from issuance interfund debt | 0 | 0 | 0 |
| Principal repayment on revenue bond maturities | 0 | 0 | 0 |
| Interest and related costs paid on revenue bonds | 0 | 0 | 0 |
| Principal repayment of interfund debt | 0 | 0 | 0 |
| Interest paid on interfund debt | 0 | 0 | 0 |
| Proceeds from sale of equipment | 0 | 0 | 0 |
| External Operating Subsidy | 0 | 0 | 0 |
| Capital contributed by customers | 0 | 0 | 0 |
| Net cash used for capital and related financing activities | 0 | 0 | 0 |
| Cash Flows From Investing Activities: | | | |
| Purchase of Investment Securities | 0 | 0 | 0 |
| Proceeds from maturities of investment securities | 0 | 0 | 0 |
| Interest on investments | 4,282 | 3,207 | 7,489 |
| Transfer of interest from other funds | 0 | 0 | 0 |
| Net cash provided(used) in investing activities | 4,282 | 3,207 | 7,489 |
| Net increase (decrease) in cash and cash equivalents | (88,176) | 11,797 | (76,379) |
| Cash and cash equivalents at beginning of year | 119,774 | 103,491 | 223,265 |
| Cash and cash equivalents at end of year | \$ 31,598 | \$ 115,288 | \$ 146,886 |

**CITY OF WENATCHEE, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE PERIOD ENDED DECEMBER 31, 2008**

| | SOLID WASTE | CEMETERY | TOTAL |
|--|------------------------|--------------------|---------------------|
| RECONCILLIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | |
| Operating Income (Loss) | \$ 35,878 | \$ (94,657) | \$ (58,779) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 0 | 5,972 | 5,972 |
| Change in assets and liabilities: | | | |
| (Increase) Decrease Accounts Receivable | (6,312) | (1,400) | (7,712) |
| (Increase) Decrease Deferred Revenue | 0 | 0 | 0 |
| (Increase) Decrease Taxes Receivable | 0 | 0 | 0 |
| (Increase) Decrease Due From Other Funds | 0 | 0 | 0 |
| (Increase) Decrease Due From Other Governments | 0 | 0 | 0 |
| (Increase) Decrease Inventory | 0 | 0 | 0 |
| (Increase) Decrease Prepaid Items | 0 | 0 | 0 |
| Increase (Decrease) Accounts Payable | (122,024) | (257) | (122,281) |
| Increase (Decrease) Payroll Taxes Payable | 0 | 717 | 717 |
| Increase (Decrease) Retainage Payable | 0 | 0 | 0 |
| Increase (Decrease) Deposits Payable | 0 | 0 | 0 |
| Increase (Decrease) Due to Other Funds | 0 | 0 | 0 |
| Increase (Decrease) Due to Other Govn't | 0 | 0 | 0 |
| Increase (Decrease) Accrued Employee Leave | 0 | 1,011 | 1,011 |
| Total Adjustments | (128,336) | 6,043 | (122,293) |
| Net Cash Provided by Operating Activities | \$ (92,458) | \$ (88,614) | \$ (181,072) |

CITY OF WENATCHEE, WENATCHEE
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2008

| | EQUIPMENT RENTAL/ O & M | SELF INSURANCE | EQUIPMENT RENTAL/ REPLACEMENT | FACILITY MAINTENANCE |
|--------------------------------------|--|---------------------------|--|---------------------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash | \$ 295,327 | \$ 1,606,527 | \$ 1,026,183 | \$ 140,015 |
| Investments | 0 | 0 | 0 | 0 |
| Accounts Receivable | 0 | 0 | 0 | 1,024 |
| Inventory of Material and Supplies | 15,586 | 0 | 0 | 0 |
| Restricted Assets: | | | | |
| Cash | 602,199 | 0 | 0 | 5,659 |
| Total Current Assets | 913,112 | 1,606,527 | 1,026,183 | 146,698 |
| Non Current Assets: | | | | |
| Capital Assets (Net) | 466,212 | 0 | 2,632,267 | 0 |
| Unamortized Bond Discount | 0 | 0 | 0 | 0 |
| Total Non Current Assets | 466,212 | 0 | 2,632,267 | 0 |
| Total Assets | 1,379,324 | 1,606,527 | 3,658,450 | 146,698 |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 30,859 | 106,838 | 27,731 | 6,395 |
| Retainage Payable | 0 | 0 | 0 | 2,150 |
| Compensated Absences - Current | 0 | 0 | 0 | 0 |
| Claims and Judgements Payable | 0 | 100,000 | 0 | 0 |
| Nonvoted G O Bonds Payable - Current | 0 | 0 | 0 | 0 |
| Total Current Liabilities | 30,859 | 206,838 | 27,731 | 8,545 |
| Non Current Liabilities | | | | |
| Nonvoted G O Bonds Payable | 0 | 0 | 0 | 0 |
| Compensated Absences | 23,977 | 0 | 0 | 20,339 |
| Total Non Current Liabilities | 23,977 | 0 | 0 | 20,339 |
| Total Liabilities | 54,836 | 206,838 | 27,731 | 28,884 |
| NET ASSETS | | | | |
| Invested in Capital Assets | 466,212 | 0 | 2,632,267 | 0 |
| Restricted | 0 | 0 | 0 | 5,659 |
| Unrestricted | 858,276 | 1,399,689 | 998,452 | 112,155 |
| Total Net Assets | \$ 1,324,488 | \$ 1,399,689 | \$ 3,630,719 | \$ 117,814 |

CITY OF WENATCHEE, WENATCHEE
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2008

| | DATA PROCESSING | TOTAL |
|----|--------------------|--------------|
| \$ | 220,734 | \$ 3,288,786 |
| | 0 | 0 |
| | 0 | 1,024 |
| | 0 | 15,586 |
| | (7,347) | 600,511 |
| | 213,387 | 3,905,907 |
| | 437,099 | 3,535,578 |
| | 0 | 0 |
| | 437,099 | 3,535,578 |
| | 650,486 | 7,441,485 |
| | 15,331 | 187,154 |
| | 0 | 2,150 |
| | 0 | 0 |
| | 0 | 100,000 |
| | 0 | 0 |
| | 15,331 | 289,304 |
| | 0 | 0 |
| | 37,124 | 81,440 |
| | 37,124 | 81,440 |
| | 52,455 | 370,744 |
| | 437,099 | 3,535,578 |
| | (7,347) | (1,688) |
| | 168,279 | 3,536,851 |
| \$ | 598,031 | \$ 7,070,741 |

CITY OF WENATCHEE, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE PERIOD ENDED DECEMBER 31, 2008

| | EQUIPMENT RENTAL/ O & M | SELF INSURANCE | EQUIPMENT RENTAL/ REPLACEMENT | FACILITY MAINTENANCE |
|---|--|---------------------------|--|---------------------------------|
| OPERATING REVENUES: | | | | |
| Charges for Services | \$ 906,455 | \$ 1,071,216 | \$ 494,646 | \$ 332,786 |
| Miscellaneous | 899 | 250 | 6,360 | 6,095 |
| Total Operating Revenues | 907,354 | 1,071,466 | 501,006 | 338,881 |
| OPERATING EXPENSES: | | | | |
| Operations and Maintenance | 892,119 | 0 | 47,380 | 366,511 |
| Payment of Premiums and Claims | 0 | 779,715 | 0 | 0 |
| General Administration | 0 | 682 | 0 | 0 |
| Depreciation/Amortization | 39,313 | 0 | 314,218 | 0 |
| Total Operating Expenses | 931,432 | 780,397 | 361,598 | 366,511 |
| OPERATING INCOME (LOSS) | (24,078) | 291,069 | 139,408 | (27,630) |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Interest Revenue | 25,767 | 69,968 | 33,178 | 6,055 |
| Gains (Losses) on Capital | | | | |
| Asset Disposition | 0 | 0 | 19,016 | 0 |
| Insurance Recoveries | 0 | 21,594 | 0 | 0 |
| Capital Contributions | 0 | 0 | 14,911 | 0 |
| Non-Operating Revenues Net of Expenses | 25,767 | 91,562 | 67,105 | 6,055 |
| Net Income Before Transfers | 1,689 | 382,631 | 206,513 | (21,575) |
| Transfers In | 0 | 0 | 207,840 | 0 |
| Transfers Out | 0 | (1,500,000) | (48,426) | (7,269) |
| NET INCOME | 1,689 | (1,117,369) | 365,927 | (28,844) |
| NET ASSETS AT JANUARY 1 | 1,322,799 | 2,517,058 | 3,264,792 | 146,658 |
| NET ASSETS AT DECEMBER 31 | \$ 1,324,488 | \$ 1,399,689 | \$ 3,630,719 | \$ 117,814 |

CITY OF WENATCHEE, WASHINGTON
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE PERIOD ENDED DECEMBER 31, 2008

| DATA PROCESSING | | TOTAL | |
|--------------------|----------|-------|-------------|
| \$ | 852,007 | \$ | 3,657,110 |
| | 2,165 | | 15,769 |
| | 854,172 | | 3,672,879 |
| | 879,649 | | 2,185,659 |
| | 0 | | 779,715 |
| | 0 | | 682 |
| | 64,672 | | 418,203 |
| | 944,321 | | 3,384,259 |
| | (90,149) | | 288,620 |
| | 10,159 | | 145,127 |
| | 0 | | 19,016 |
| | 0 | | 21,594 |
| | 1,526 | | 16,437 |
| | 11,685 | | 202,174 |
| | (78,464) | | 490,794 |
| | 50,866 | | 258,706 |
| | 0 | | (1,555,695) |
| | (27,598) | | (806,195) |
| | 625,629 | | 7,876,936 |
| \$ | 598,031 | \$ | 7,070,741 |

CITY OF WENATCHEE, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE PERIOD ENDED DECEMBER 31, 2008

| | EQUIPMENT RENTAL/ O & M | SELF INSURANCE | EQUIPMENT RENTAL/ REPLACEMENT |
|--|--|---------------------------|--|
| Cash Flows From Operating Activities: | | | |
| Cash received from customers | \$ 906,455 | \$ 1,071,216 | \$ 494,647 |
| Cash payments to vendors | (632,920) | (711,480) | (105,998) |
| Cash payments to employees | (241,391) | 0 | (36,051) |
| Other operating revenues | 899 | 250 | 6,359 |
| Net cash provided by operations | 33,043 | 359,986 | 358,957 |
| Cash Flows From Noncapital Financing Activities: | | | |
| Loans received from other funds | 0 | 0 | 0 |
| Repayment of loans received from other funds | 0 | 0 | 0 |
| Loans to other funds | 0 | 0 | 0 |
| Repayment of loans from other funds | 0 | 0 | 0 |
| Interest received on short term loans | 0 | 0 | 0 |
| Interest paid on short term loans | 0 | 0 | 0 |
| Transfers | 0 | (1,500,000) | 159,414 |
| Net cash provided by noncapital financing activities | 0 | (1,500,000) | 159,414 |
| Cash Flows From Capital and Related Financing Activities: | | | |
| Acquisition and construction of capital assets | (11,518) | 0 | (787,594) |
| Insurance Recoveries | 0 | 21,594 | 0 |
| Interest & related charges on issuance of Bonds | 0 | 0 | 0 |
| Principal Payment on Bonds | 0 | 0 | 0 |
| Interest Payment on Bonds | 0 | 0 | 0 |
| Interest paid on interfund debt | 0 | 0 | 0 |
| Proceeds from sale of equipment | 0 | 0 | 37,057 |
| Contributed capital by customers | 0 | 0 | 0 |
| Net cash used for capital and related financing activities | (11,518) | 21,594 | (750,537) |
| Cash Flows From Investing Activities: | | | |
| Purchase of Investment Securities | 0 | 0 | 0 |
| Proceeds from maturities of investment securities | 0 | 0 | 0 |
| Interest on investments | 25,768 | 69,968 | 33,178 |
| Net cash provided (used) in investing activities | 25,768 | 69,968 | 33,178 |
| Net increase (decrease) in cash and cash equivalents | 47,293 | (1,048,452) | (198,988) |
| Cash and cash equivalents at beginning of year | 850,233 | 2,654,979 | 1,225,171 |
| Cash and cash equivalents at end of year | <u>\$ 897,526</u> | <u>\$ 1,606,527</u> | <u>\$ 1,026,183</u> |

**CITY OF WENATCHEE, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE PERIOD ENDED DECEMBER 31, 2008**

| | EQUIPMENT RENTAL/ O & M | SELF INSURANCE | EQUIPMENT RENTAL/ REPLACEMENT |
|--|--|---------------------------|--|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | |
| Operating Income (Loss) | \$ (24,078) | \$ 291,069 | \$ 139,408 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 39,313 | 0 | 314,218 |
| Change in assets and liabilities: | | | |
| (Increase) Decrease Accounts Receivable | 0 | 0 | 0 |
| (Increase) Decrease Due From Other Funds | 0 | 0 | 0 |
| (Increase) Decrease Due From Other Governments | 0 | 0 | 0 |
| (Increase) Decrease Inventory | 1,516 | 0 | 0 |
| (Increase) Decrease Prepaid Items | 0 | 0 | 0 |
| Increase (Decrease) Vouchers Payable | 5,797 | 68,917 | (94,669) |
| Increase (Decrease) Wages Payable | 0 | 0 | 0 |
| Increase (Decrease) Due to Other Funds | 0 | 0 | 0 |
| Increase (Decrease) Accrued Employee Leave | 10,495 | 0 | 0 |
| Total Adjustments | 57,121 | 68,917 | 219,549 |
| Net Cash Provided by Operating Activities | <u>\$ 33,043</u> | <u>\$ 359,986</u> | <u>\$ 358,957</u> |

CITY OF WENATCHEE, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE PERIOD ENDED DECEMBER 31, 2008

| | FACILITY MAINTENANCE | DATA PROCESSING | TOTAL |
|--|---------------------------------|----------------------------|---------------------|
| Cash Flows From Operating Activities: | | | |
| Cash received from customers | \$ 335,509 | \$ 852,007 | \$ 3,659,834 |
| Cash payments to vendors | (265,595) | (572,727) | (2,288,720) |
| Cash payments to employees | (191,687) | (347,397) | (816,526) |
| Other operating revenues | 6,095 | 2,164 | 15,767 |
| Net cash provided by operations | (115,678) | (65,953) | 570,355 |
| Cash Flows From Noncapital Financing Activities: | | | |
| Loans received from other funds | 0 | 0 | 0 |
| Repayment of loans received from other funds | 0 | 0 | 0 |
| Loans to other funds | 0 | 0 | 0 |
| Repayment of loans from other funds | 0 | 0 | 0 |
| Interest received on short term loans | 0 | 0 | 0 |
| Interest paid on short term loans | 0 | 0 | 0 |
| Transfers | (7,269) | 50,866 | (1,296,989) |
| Net cash provided by noncapital financing activities | (7,269) | 50,866 | (1,296,989) |
| Cash Flows From Capital and Related Financing Activities: | | | |
| Acquisition and construction of capital assets | 0 | (149,377) | (948,489) |
| Insurance Recoveries | 0 | 0 | 21,594 |
| Interest & related charges on issuance of Bonds | 0 | 0 | 0 |
| Principal Payment on Bonds | 0 | 0 | 0 |
| Interest Payment on Bonds | 0 | 0 | 0 |
| Interest paid on interfund debt | 0 | 0 | 0 |
| Proceeds from sale of equipment | 0 | 0 | 37,057 |
| Contributed capital by customers | 0 | 1,526 | 1,526 |
| Net cash used for capital and related financing activities | 0 | (147,851) | (888,312) |
| Cash Flows From Investing Activities: | | | |
| Purchase of Investment Securities | 0 | 0 | 0 |
| Proceeds from maturities of investment securities | 0 | 0 | 0 |
| Interest on investments | 6,055 | 10,159 | 145,128 |
| Net cash provided (used) in investing activities | 6,055 | 10,159 | 145,128 |
| Net increase (decrease) in cash and cash equivalents | (116,892) | (152,779) | (1,469,818) |
| Cash and cash equivalents at beginning of year | 262,566 | 366,166 | 5,359,115 |
| Cash and cash equivalents at end of year | \$ 145,674 | \$ 213,387 | \$ 3,889,297 |

**CITY OF WENATCHEE, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE PERIOD ENDED DECEMBER 31, 2008**

| | FACILITY MAINTENANCE | DATA PROCESSING | TOTAL |
|--|---------------------------------|----------------------------|--------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | |
| Operating Income (Loss) | \$ (27,630) | \$ (90,149) | \$ 288,620 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 0 | 64,672 | 418,203 |
| Change in assets and liabilities: | | | |
| (Increase) Decrease Accounts Receivable | (1,024) | 0 | (1,024) |
| (Increase) Decrease Due From Other Funds | 0 | 0 | 0 |
| (Increase) Decrease Due From Other Governments | 3,746 | 0 | 3,746 |
| (Increase) Decrease Inventory | 0 | 0 | 1,516 |
| (Increase) Decrease Prepaid Items | 0 | 0 | 0 |
| Increase (Decrease) Vouchers Payable | (91,978) | (45,035) | (156,968) |
| Increase (Decrease) Wages Payable | 1,208 | 0 | 1,208 |
| Increase (Decrease) Due to Other Funds | 0 | 0 | 0 |
| Increase (Decrease) Accrued Employee Leave | 0 | 4,559 | 15,054 |
| Total Adjustments | (88,048) | 24,196 | 281,735 |
| Net Cash Provided by Operating Activities | \$ (115,678) | \$ (65,953) | \$ 570,355 |

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CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL PUBLIC ART SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|--------------------|-----------------|---------------|---------------|
| REVENUES | | | | |
| Interest | \$ 3,000 | \$ 3,000 | \$ 2,967 | \$ (33) |
| Miscellaneous | 13,000 | 55,000 | 61,397 | 6,397 |
| Total Revenues | 16,000 | 58,000 | 64,364 | 6,364 |
| EXPENDITURES | | | | |
| Culture & Recreation | 22,600 | 22,600 | 14,483 | 8,117 |
| Capital Outlay | 90,000 | 60,000 | 39,224 | 20,776 |
| Total Expenditures | 112,600 | 82,600 | 53,707 | 28,893 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (96,600) | (24,600) | 10,657 | 35,257 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 0 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (96,600) | (24,600) | 10,657 | 35,257 |
| FUND BALANCE JANUARY 1, | 67,247 | 67,247 | 67,247 | 0 |
| FUND BALANCE DECEMBER 31, \$ | <u>(29,353)</u> | <u>42,647</u> | <u>77,904</u> | <u>35,257</u> |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL PATHS AND TRAILS SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|--------------------|-----------------|---------------|--------------|
| REVENUES | | | | |
| Intergovernmental Revenue | \$ 3,200 | \$ 93,200 | \$ 92,867 | \$ (333) |
| Interest | 700 | 700 | 1,115 | 415 |
| Miscellaneous | 0 | 0 | 0 | 0 |
| Total Revenues | 3,900 | 93,900 | 93,982 | 82 |
| EXPENDITURES | | | | |
| Culture & Recreation | 0 | 100,046 | 97,802 | 2,244 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Total Expenditures | 0 | 100,046 | 97,802 | 2,244 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 3,900 | (6,146) | (3,820) | 2,326 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 0 | 0 | 0 | 0 |
| Transfers out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 3,900 | (6,146) | (3,820) | 2,326 |
| FUND BALANCE JANUARY 1, | 17,537 | 17,537 | 17,537 | 0 |
| FUND BALANCE DECEMBER 31, \$ | <u>21,437</u> | <u>11,391</u> | <u>13,717</u> | <u>2,326</u> |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL TOURISM PROMOTIONAL AREA SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|--------------------|-----------------|------------|----------|
| REVENUES | | | | |
| Taxes | \$ 177,000 | \$ 177,000 | \$ 181,023 | \$ 4,023 |
| Interest | 500 | 500 | (770) | (1,270) |
| Miscellaneous | 0 | 0 | 0 | 0 |
| Total Revenues | 177,500 | 177,500 | 180,253 | 2,753 |
| EXPENDITURES | | | | |
| Culture & Recreation | 177,500 | 177,500 | 180,253 | (2,753) |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Interest | 0 | 0 | 0 | 0 |
| Total Expenditures | 177,500 | 177,500 | 180,253 | (2,753) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | 0 | 0 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 0 | 0 | 0 | 0 |
| FUND BALANCE JANUARY 1, | 0 | 0 | 0 | 0 |
| FUND BALANCE DECEMBER 31, | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL HOTEL/MOTEL TAX-60% CAPITAL SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|--------------------|-----------------|------------|-----------|
| REVENUES | | | | |
| Taxes | \$ 213,200 | \$ 214,000 | \$ 227,461 | \$ 13,461 |
| Intergovernmental | 0 | 0 | 0 | 0 |
| Interest | 1,000 | 4,000 | 2,640 | (1,360) |
| Total Revenues | 214,200 | 218,000 | 230,101 | 12,101 |
| EXPENDITURES | | | | |
| Culture & Recreation | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Interest | 0 | 0 | 0 | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 214,200 | 218,000 | 230,101 | 12,101 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (214,200) | (249,903) | (230,685) | 19,218 |
| Total Other Financing Sources (Uses) | (214,200) | (249,903) | (230,685) | 19,218 |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 0 | (31,903) | (584) | 31,319 |
| FUND BALANCE JANUARY 1, | 31,903 | 31,903 | 31,903 | 0 |
| FUND BALANCE DECEMBER 31, | \$ 31,903 | \$ 0 | \$ 31,319 | \$ 31,319 |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL CONVENTION CENTER SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|--------------------|-----------------|------------|-----------|
| REVENUES | | | | |
| Taxes | \$ 451,400 | \$ 451,400 | \$ 481,694 | \$ 30,294 |
| Interest | 14,000 | 14,000 | 9,495 | (4,505) |
| Miscellaneous | 184,001 | 184,001 | 198,615 | 14,614 |
| Total Revenues | 649,401 | 649,401 | 689,804 | 40,403 |
| EXPENDITURES | | | | |
| Culture & Recreation | 398,140 | 398,140 | 388,634 | 9,506 |
| Capital Outlay | 75,000 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Interest | 0 | 0 | 0 | 0 |
| Total Expenditures | 473,140 | 398,140 | 388,634 | 9,506 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | 176,261 | 251,261 | 301,170 | 49,909 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 214,200 | 249,903 | 230,685 | (19,218) |
| Transfers Out | (400,080) | (400,080) | (416,280) | 16,200 |
| Capital Asset Disposition | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | (185,880) | (150,177) | (185,595) | (3,018) |
| Excess (Deficiency) of Revenues and | | | | |
| Other Sources Over (Under) | | | | |
| Expenditures and Other Uses | (9,619) | 101,084 | 115,575 | 14,491 |
| FUND BALANCE JANUARY 1, | 468,151 | 468,151 | 468,151 | 0 |
| FUND BALANCE DECEMBER 31, | \$ 458,532 | \$ 569,235 | \$ 583,726 | \$ 14,491 |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL HOTEL/MOTEL 40% TOURISM SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|---|--------------------|------------------|------------------|-------------------|
| REVENUES | | | | |
| Taxes | \$ 386,400 | \$ 386,400 | \$ 403,223 | \$ 16,823 |
| Interest | 2,500 | 2,500 | 986 | (1,514) |
| Miscellaneous | 0 | 0 | 0 | 0 |
| Total Revenues | 388,900 | 388,900 | 404,209 | 15,309 |
| EXPENDITURES | | | | |
| Culture & Recreation | 386,400 | 386,400 | 408,223 | (21,823) |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Interest | 0 | 0 | 0 | 0 |
| Total Expenditures | 386,400 | 386,400 | 408,223 | (21,823) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,500 | 2,500 | (4,014) | (6,514) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 0 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 2,500 | 2,500 | (4,014) | (6,514) |
| FUND BALANCE JANUARY 1, | 25,646 | 25,646 | 25,646 | 0 |
| FUND BALANCE DECEMBER 31, | <u>\$ 28,146</u> | <u>\$ 28,146</u> | <u>\$ 21,632</u> | <u>\$ (6,514)</u> |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL LEOFF 1 LONG-TERM CARE SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|--------------------|-----------------|------------|-----------|
| REVENUES | | | | |
| Intergovernmental | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Interest | 28,000 | 28,000 | 14,581 | (13,419) |
| Miscellaneous | 0 | 0 | 0 | 0 |
| Total Revenues | 28,000 | 28,000 | 14,581 | (13,419) |
| EXPENDITURES | | | | |
| Security of Persons & Property | 135,000 | 135,000 | 98,114 | 36,886 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Interest | 0 | 0 | 0 | 0 |
| Total Expenditures | 135,000 | 135,000 | 98,114 | 36,886 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (107,000) | (107,000) | (83,533) | 23,467 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 135,000 | 135,000 | 135,000 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 135,000 | 135,000 | 135,000 | 0 |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 28,000 | 28,000 | 51,467 | 23,467 |
| FUND BALANCE JANUARY 1, | 485,711 | 485,711 | 485,711 | 0 |
| FUND BALANCE DECEMBER 31, | \$ 513,711 | \$ 513,711 | \$ 537,178 | \$ 23,467 |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL STREET OVERLAY SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|---------------------|-------------------|-------------------|--------------------|
| REVENUES | | | | |
| Taxes | \$ 525,000 | 525,000 | \$ 450,498 | \$ (74,502) |
| Intergovernmental | 0 | 0 | 0 | 0 |
| Interest | 33,000 | 33,000 | 24,006 | (8,994) |
| Miscellaneous | 0 | 0 | (639) | (639) |
| Total Revenues | 558,000 | 558,000 | 473,865 | (84,135) |
| EXPENDITURES | | | | |
| Transportation | 500,000 | 826,000 | 813,584 | 12,416 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Principal | 0 | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Debt Issue Costs | 0 | 0 | 0 | 0 |
| Total Expenditures | 500,000 | 826,000 | 813,584 | 12,416 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | 58,000 | (268,000) | (339,719) | (71,719) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 0 | 0 | 0 | 0 |
| Transfers (Out) | 0 | 0 | 0 | 0 |
| General Obligation Bond Proceeds | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues and | | | | |
| Other Sources Over (Under) | | | | |
| Expenditures and Other Uses | 58,000 | (268,000) | (339,719) | (71,719) |
| FUND BALANCE JANUARY 1, | 945,039 | 945,039 | 945,039 | 0 |
| FUND BALANCE DECEMBER 31, | <u>\$ 1,003,039</u> | <u>\$ 677,039</u> | <u>\$ 605,320</u> | <u>\$ (71,719)</u> |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL ICE ARENA SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|--------------------|-----------------|-----------|-------------|
| REVENUES | | | | |
| Charges for Services | \$ 34,732 | \$ 87,100 | \$ 61,567 | \$ (25,533) |
| Interest | 5,000 | 5,000 | 7,894 | 2,894 |
| Miscellaneous | 69,900 | 69,900 | 94,534 | 24,634 |
| Total Revenues | 109,632 | 162,000 | 163,995 | 1,995 |
| EXPENDITURES | | | | |
| Culture and Recreation | 118,044 | 257,675 | 254,259 | 3,416 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Total Expenditures | 118,044 | 257,675 | 254,259 | 3,416 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (8,412) | (95,675) | (90,264) | 5,411 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 0 | 108,000 | 102,589 | (5,411) |
| Transfers (Out) | (228,743) | (280,000) | (280,000) | 0 |
| Total Other Financing Sources (Uses) | (228,743) | (172,000) | (177,411) | (5,411) |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (237,155) | (267,675) | (267,675) | 0 |
| FUND BALANCE JANUARY 1, | 267,675 | 267,675 | 267,675 | 0 |
| FUND BALANCE DECEMBER 31, | \$ 30,520 | \$ 0 | \$ 0 | \$ 0 |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL LOW INCOME HOUSING SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|--------------------|-----------------|-----------|------------|
| REVENUES | | | | |
| Intergovernmental | \$ 60,000 | \$ 49,700 | \$ 45,259 | \$ (4,441) |
| Interest | 6,000 | 4,600 | 4,069 | (531) |
| Miscellaneous | 0 | 0 | 0 | 0 |
| Total Revenues | 66,000 | 54,300 | 49,328 | (4,972) |
| EXPENDITURES | | | | |
| Economic Environment | 197,000 | 156,080 | 125,729 | 30,351 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Total Expenditures | 197,000 | 156,080 | 125,729 | 30,351 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (131,000) | (101,780) | (76,401) | 25,379 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 0 | 0 | 0 | 0 |
| Transfers out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (131,000) | (101,780) | (76,401) | 25,379 |
| FUND BALANCE JANUARY 1, | 166,100 | 166,100 | 166,100 | 0 |
| FUND BALANCE DECEMBER 31, | \$ 35,100 | \$ 64,320 | \$ 89,699 | \$ 25,379 |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL COMMUNITY CENTER OPERATIONS SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|--------------------|-----------------|------------|-----------|
| REVENUES | | | | |
| Intergovernmental | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Interest | 13,200 | 13,200 | 7,085 | (6,115) |
| Miscellaneous | 68,450 | 68,450 | 101,099 | 32,649 |
| Total Revenues | 81,650 | 81,650 | 108,184 | 26,534 |
| EXPENDITURES | | | | |
| Culture and Recreation | 114,803 | 114,803 | 144,427 | (29,624) |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Total Expenditures | 114,803 | 114,803 | 144,427 | (29,624) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (33,153) | (33,153) | (36,243) | (3,090) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 0 | 0 | 20,813 | 20,813 |
| Transfers Out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 20,813 | 20,813 |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (33,153) | (33,153) | (15,430) | 17,723 |
| FUND BALANCE JANUARY 1, | 225,129 | 225,129 | 225,129 | 0 |
| FUND BALANCE DECEMBER 31, | \$ 191,976 | \$ 191,976 | \$ 209,699 | \$ 17,723 |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL CDBG ENTITLEMENT SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|--------------------|--------------------|-------------------|------------------|
| REVENUES | | | | |
| Intergovernmental | \$ 450,000 | \$ 450,000 | \$ 492,984 | \$ 42,984 |
| Interest | 0 | 0 | 498 | 498 |
| Miscellaneous | 0 | 0 | 0 | 0 |
| Total Revenues | 450,000 | 450,000 | 493,482 | 43,482 |
| EXPENDITURES | | | | |
| Economic Environment | 350,000 | 350,000 | 349,580 | 420 |
| Capital Outlay | 202,000 | 202,000 | 201,485 | 515 |
| Total Expenditures | 552,000 | 552,000 | 551,065 | 935 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (102,000) | (102,000) | (57,583) | 44,417 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 0 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues and | | | | |
| Other Sources Over (Under) | | | | |
| Expenditures and Other Uses | (102,000) | (102,000) | (57,583) | 44,417 |
| FUND BALANCE JANUARY 1, | 50,098 | 50,098 | 50,098 | 0 |
| FUND BALANCE DECEMBER 31, | <u>\$ (51,902)</u> | <u>\$ (51,902)</u> | <u>\$ (7,485)</u> | <u>\$ 44,417</u> |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL LEOFF 1 HEALTH CARE SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|---|----------------------------|--------------------------|--------------------------|--------------------------|
| REVENUES | | | | |
| Intergovernmental | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Interest | 12,500 | 12,500 | 12,898 | 398 |
| Miscellaneous | 0 | 0 | 0 | 0 |
| Total Revenues | 12,500 | 12,500 | 12,898 | 398 |
| EXPENDITURES | | | | |
| Security of Persons & Property | 580,000 | 580,000 | 460,545 | 119,455 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Total Expenditures | 580,000 | 580,000 | 460,545 | 119,455 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (567,500) | (567,500) | (447,647) | 119,853 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 0 | 580,000 | 580,000 | 0 |
| Transfers | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 580,000 | 580,000 | 0 |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (567,500) | 12,500 | 132,353 | 119,853 |
| FUND BALANCE JANUARY 1, | 372,848 | 372,848 | 372,848 | 0 |
| FUND BALANCE DECEMBER 31, | <u><u>\$ (194,652)</u></u> | <u><u>\$ 385,348</u></u> | <u><u>\$ 505,201</u></u> | <u><u>\$ 119,853</u></u> |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL HOMELESS FUNDS SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|--------------------|-----------------|------------|------------|
| REVENUES | | | | |
| Intergovernmental | \$ 200,000 | \$ 310,000 | \$ 370,589 | \$ 60,589 |
| Interest | 7,400 | 6,700 | 7,683 | 983 |
| Miscellaneous | 0 | 0 | 0 | 0 |
| Total Revenues | 207,400 | 316,700 | 378,272 | 61,572 |
| EXPENDITURES | | | | |
| Economic Environment | 406,100 | 479,848 | 306,542 | 173,306 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Total Expenditures | 406,100 | 479,848 | 306,542 | 173,306 |
| Excess (Deficiency) of Revenues | | | | |
| Over (Under) Expenditures | (198,700) | (163,148) | 71,730 | 234,878 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 0 | 0 | 0 | 0 |
| Transfers out | (12,000) | (18,600) | (19,583) | 983 |
| Total Other Financing Sources (Uses) | (12,000) | (18,600) | (19,583) | 983 |
| Excess (Deficiency) of Revenues and | | | | |
| Other Sources Over (Under) | | | | |
| Expenditures and Other Uses | (210,700) | (181,748) | 52,147 | 233,895 |
| FUND BALANCE JANUARY 1, | 338,732 | 338,732 | 338,732 | 0 |
| FUND BALANCE DECEMBER 31, | \$ 128,032 | \$ 156,984 | \$ 390,879 | \$ 233,895 |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL EVENT CENTER CITY CONTRIBUTION SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|---|--------------------|-----------------|-------------|----------|
| REVENUES | | | | |
| Intergovernmental | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Interest | 0 | 0 | 2,238 | 2,238 |
| Miscellaneous | 0 | 0 | 0 | 0 |
| Total Revenues | 0 | 0 | 2,238 | 2,238 |
| EXPENDITURES | | | | |
| Culture and Recreation | 0 | 0 | 33,576 | (33,576) |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Total Expenditures | 0 | 0 | 33,576 | (33,576) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | (31,338) | (31,338) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,091,984 | 3,018,880 | 3,016,642 | (2,238) |
| Proceeds from sale of fixed assets | 974,000 | 981,120 | 1,014,696 | 33,576 |
| Contributions to other agencies | (4,000,000) | (4,000,000) | (4,000,000) | 0 |
| Loan proceeds | 1,934,016 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 31,338 | 31,338 |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 0 | 0 | 0 | 0 |
| FUND BALANCE JANUARY 1, | 0 | 0 | 0 | 0 |
| FUND BALANCE DECEMBER 31, | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL UTGO BONDS
 DEBT SERVICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|---|--------------------|--------------------|--------------------|-------------------|
| REVENUES | | | | |
| Property Taxes | \$ 363,153 | \$ 363,153 | \$ 359,297 | \$ (3,856) |
| Interest | 0 | 0 | 1,713 | 1,713 |
| Total Revenues | 363,153 | 363,153 | 361,010 | (2,143) |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Principal | 200,000 | 200,000 | 200,000 | 0 |
| Interest | 163,153 | 163,153 | 163,456 | (303) |
| Total Expenditures | 363,153 | 363,153 | 363,456 | (303) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 0 | (2,446) | (2,446) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 0 | 0 | 0 | 0 |
| Transfer out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 0 | 0 | (2,446) | (2,446) |
| FUND BALANCE JANUARY 1, | (14,493) | (14,493) | (14,493) | 0 |
| FUND BALANCE DECEMBER 31, | <u>\$ (14,493)</u> | <u>\$ (14,493)</u> | <u>\$ (16,939)</u> | <u>\$ (2,446)</u> |

CITY OF WENATCHEE, WASHINGTON
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 NON-MAJOR GOVERNMENTAL LTGO BONDS
 DEBT SERVICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2008

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|---|--------------------|-----------------|-----------|-----------|
| REVENUES | | | | |
| Property Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Interest | 0 | 0 | 9,095 | 9,095 |
| Total Revenues | 0 | 0 | 9,095 | 9,095 |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Principal | 620,000 | 620,000 | 625,000 | (5,000) |
| Interest | 398,662 | 398,662 | 379,063 | 19,599 |
| Total Expenditures | 1,018,662 | 1,018,662 | 1,004,063 | 14,599 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,018,662) | (1,018,662) | (994,968) | 23,694 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,018,662 | 1,018,662 | 1,018,662 | 0 |
| Transfer out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 1,018,662 | 1,018,662 | 1,018,662 | 0 |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 0 | 0 | 23,694 | 23,694 |
| FUND BALANCE JANUARY 1, | 19,446 | 19,446 | 19,446 | 0 |
| FUND BALANCE DECEMBER 31, | \$ 19,446 | \$ 19,446 | \$ 43,140 | \$ 23,694 |

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